

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name VILLAGE OF DUNDEE	County MONROE
Fiscal Year End 2/28/2006	Opinion Date 5/8/06	Date Audit Report Submitted to State 8/24/2006	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

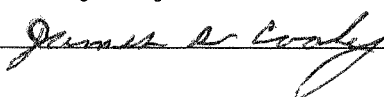
YES NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) COOLEY HEHL WOHLGAMUTH & CARLTON, PLLC		Telephone Number 734-241-7200	
Street Address ONE SOUTH MONROE STREET		City MONROE	State MI
		Zip 48161	
Authorizing CPA Signature 	Printed Name JAMES R. COOLEY		License Number 1101005761

**VILLAGE OF DUNDEE**  
Monroe County, Michigan

ANNUAL FINANCIAL REPORT

February 28, 2006

# VILLAGE OF DUNDEE

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### Independent Auditor's Report

President and Village Council  
Village of Dundee  
Dundee, Michigan 48131

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Village of Dundee, Monroe County, Michigan, as of and for the year ended February 28, 2006, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Village of Dundee as of February 28, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 8, 2006, on our consideration of the Village of Dundee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis, and the budgetary comparison schedules, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

President and Village Council  
Village of Dundee

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Dundee, Monroe County, Michigan basic financial statements. The combining and individual nonmajor fund financial statements, as identified in the table of contents is presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the Village of Dundee. The combining and individual non major fund financial statement and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Cooley Hill  
Wohlzammuth & Carlton

May 8, 2006



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Independent Auditor's Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an  
Audit of Financial Statements Performed in Accordance  
with *Government Auditing Standards*

President and Village Council  
Village of Dundee  
Dundee, Michigan 48131

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Village of Dundee as of and for the year ended February 28, 2006, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated May 8, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Dundee's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Dundee's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.



President and Village Council  
Village of Dundee

However, we have noted other matters involving the internal control over financial reporting that we have reported to the Management of the Village of Dundee, in a separate letter dated May 8, 2006.

This report is intended solely for the information of management, the Village Council, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Cooley Hohl*  
*Wahlgamuth & Carth*

May 8, 2006



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Independent Auditor's Report on Compliance with Requirements  
Applicable to Each Major Program and Internal Control  
Over Compliance in Accordance with OMB Circular A-133

President and Village Council  
Village of Dundee  
Dundee, Michigan 48131

Compliance

We have audited the compliance of the Village of Dundee with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended February 28, 2006. The Village of Dundee's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Village of Dundee's management. Our responsibility is to express an opinion on the Village of Dundee's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village of Dundee's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Village of Dundee's compliance with those requirements.

In our opinion, the Village of Dundee complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal program for the year ended February 28, 2006.

Internal Control Over Compliance

The management of the Village of Dundee is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Village of Dundee's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operations that we consider to be material weaknesses.

This report is intended solely for the information of management, the Village Council, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Cooley Hill*  
*Wohlgamuth + Carlton*

May 8, 2006

## VILLAGE OF DUNDEE

### MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended February 28, 2006

As management of the Village of Dundee, Monroe County, Michigan, we offer readers of the Village's financial statements this narrative overview and analysis of the governmental and business-type activities of the Village for the fiscal year ended February 28, 2006. This information should be taken into consideration before reading the Village's financial statements, which immediately follow this section. This summary should not be taken as a replacement for the audit which consist of the financial statements and other supplementary information that presents all the Village's revenues and expenditures by program for the General Fund, Special Revenue Funds, Debt Service Funds, Capital Project Funds, Enterprise Funds, Internal Service Funds, and Component Units.

The Government Accounting Standards Board (GASB) adopted this report in *Statement No. 34 Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, issued June, 2000.

#### **Financial Highlights**

The assets of the Village exceeded its liabilities at the close of the most recent year by \$21,372,943 (net assets). Of this amount, \$3,892,466 (unrestricted net assets) may be used to meet the government's ongoing obligations to its' citizens and creditors.

The government's total net assets increased by \$3,530,982.

At the close of the year, the Village's governmental funds reported combined ending fund balances of \$4,934,715, an increase of \$473,615 in comparison with the prior year. Approximately 67 percent of this amount, or \$3,307,040, is available for spending at the government's discretion (unreserved fund balance).

At the end of the year, the unreserved fund balance for the general fund was \$2,108,379 or 198 percent of total general fund expenditures.

The Village's total bonded debt increased by \$1,507,057 during the year; \$4,488,803 of new debt was issued to provide more services and economic growth to the community and to refinance existing bonded debt.

#### **Overview of the Financial Statements**

This report is organized so that the reader can understand the Village of Dundee financially as a whole. This discussion and analysis is intended to serve as an introduction to the Village's basic financial statements. The Village's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements themselves. Other supplementary information also includes combining balance sheets/statement of net assets and statement of revenues, expenditures and changes in fund balance/net assets for each of the Villages component units.

## **VILLAGE OF DUNDEE**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS** Year Ended February 28, 2006

#### **Government-Wide Financial Statements**

The Government-Wide Financial Statements (on pages 15,16,17, and 18), which appear first in the Villages's financial statements, report information on the Village as a whole and its activities. These statements include all its' assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. The basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

The Statement of Net Assets presents information on all the Village's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating. The Statement of Activities presents information showing how the government's net assets changed during the most recent year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus the revenues and expenses are reported in this statement for some items that will only result in cash flows in the future periods (i.e., earned but unused vacation leave). The relationship between revenues and expenses indicates the Village's operating results. However, the Village's goal is to provide services and economic growth to our residents, not to generate profits as commercial entities do. One must consider many other non financial factors, such as the quality of the services provided and the safety of the public to assess the overall health of the Village.

Both of the government-wide statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. These functions can be divided into three following categories:

Governmental activities - which encompass all the Village's services, including general government services, public safety, and public works. Property taxes, state grants, charges for services, and capital contributions finance most of these activities.

Business-type activities - which include sanitary sewer and water distribution operations.

Component units - which provide special types of financial arrangements that promote economic development and other activities in the community.

The government wide financial statements include not only the Village itself (known as the primary government), but also of legally separate authorities - the Downtown Development Authority, Local Development Finance Authorities #1 and #3, the Economic Development Corporation, and the Brown Field Development Authority - for which the Village is financially accountable. The individual component units are combined and presented separately from the primary government itself on pages 31, 32, 33, and 34.

#### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required to be established by State Law and by bond covenants. However the Village establishes most of its funds to control and manage money for particular purposes or to show that it is properly using revenues. All of the funds of the Village can be divided into four categories: Governmental funds, Proprietary funds, Fiduciary funds, and Component units.

## VILLAGE OF DUNDEE

### MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended February 28, 2006

#### **Fund Financial Statements - Concluded**

**Governmental funds** - All of the Village's governmental funds are used to account for the same functions as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. They are reported using the modified accrual method, which measures cash and all other financial assets that can be converted to cash. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Reconciliations are provided for the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances, on pages 21 and 24 respectively, to facilitate this comparison between governmental funds and governmental activities.

The Village maintains 28 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, major street, local street, municipal highway, building department, parks and recreation, and capital funds. All of these governmental funds are considered to be and presented as major funds. All other remaining funds are reported as other governmental funds. Combining statements of non-major governmental are presented as other supplementary information.

The Village adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison statements have been provided herein to demonstrate compliance with those budgets.

The basic governmental fund financial statements can be found on pages 19, 20, 22, and 23 of this report.

**Proprietary fund** - The Village maintains a proprietary fund to account for its sanitary sewer and water distribution operations (Enterprise Fund). Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements.

Proprietary funds provide the same type of information as government-wide financial statements, only in more detail. The proprietary fund financial statements present information on the Village's sewer and water operations as one major fund.

The basic proprietary fund financial statements can be found on pages 25 through 29 of this report.

**Fiduciary funds** - Agency funds are used to account for assets held by the Village as an agent for the collection and disbursement of property taxes and escrow accounts. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village's own operations. The accounting used for fiduciary funds is much like that used for proprietary funds.

The only basic fund financial statement for Fiduciary funds required to be reported can be found on page 30 of this report.

**Notes to the financial statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements. The notes to the financial statements can be found on pages 35 through 70 of this report.

## **VILLAGE OF DUNDEE**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended February 28, 2006**

#### **Government-Wide Financial Analysis**

Recall that the Statement of Net Assets provides a long-term perspective of the Village's financial position. As indicated earlier and on Table 1 of the following page assets exceeded liabilities by \$21,372,943 at the close of the most recent year.

By far the largest portion of the Village's net assets (65.6 percent) reflects its investment in capital assets (land, buildings, systems, vehicles, and equipment), less any related debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

As also depicted in Table 1, the Village's unrestricted net assets totaled \$3,892,466. This amount represents the accumulated results of all past years operations. The unrestricted net asset balance is used for working capital and cash flow needs as well as to provide for future uncertainties. It means that if we had to pay all of our bills off today, including all of our noncapital liabilities we could with our current resources. The operating results of the general fund will have a significant impact on the change in unrestricted net assets from year to year.

The results of this year's operations for the Village as a whole are reported in the Statement of Activities (Table 2), which shows the changes in net assets for the fiscal year ended February 28, 2006.

# VILLAGE OF DUNDEE

## MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended February 28, 2006

**Table 1:**

### Condensed Statement of Net Assets February 28, 2006 and 2005

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Current assets	\$6,441,069	\$6,160,457	\$1,687,058	\$1,080,147	\$8,128,127	\$7,240,604
Restricted assets	0	0	1,228,950	4,671,092	1,228,950	4,671,092
Capital and other noncurrent assets, net	8,613,404	7,267,571	24,801,093	18,842,205	33,414,497	26,109,776
<b>Total Assets</b>	<b>15,054,473</b>	<b>13,428,028</b>	<b>27,717,101</b>	<b>24,593,444</b>	<b>42,771,574</b>	<b>38,021,472</b>
Current and other liabilities	2,053,666	2,138,753	1,171,934	851,635	3,225,600	2,990,388
Long-term liabilities	7,757,229	6,097,430	10,415,802	11,091,693	18,173,031	17,189,123
<b>Total Liabilities</b>	<b>9,810,895</b>	<b>8,236,183</b>	<b>11,587,736</b>	<b>11,943,328</b>	<b>21,398,631</b>	<b>20,179,511</b>
<b>Net Assets</b>						
Invested in capital assets, net of related debt	304,900	722,864	13,710,291	7,270,512	14,015,191	7,993,376
Restricted for:						
Prepaid items	5,504	4,411	0	0	5,504	4,411
Fixed asset replacement	0	0	1,000	1,000	1,000	1,000
Streets and highways	1,020,534	761,093	0	0	1,020,534	761,093
Parks and recreation	1,728	1,556	0	0	1,728	1,556
Historical commission	2,925	4,020	0	0	2,925	4,020
Building department	70,107	96,764	0	0	70,107	96,764
Capital improvement	1,358,525	1,362,810	0	0	1,358,525	1,362,810
Debt service	367,013	360,248	637,950	4,275,092	1,004,963	4,635,340
Unrestricted	2,112,342	1,878,079	1,780,124	1,103,512	3,892,466	2,981,591
<b>Total Net Assets</b>	<b>\$5,243,578</b>	<b>\$5,191,845</b>	<b>\$16,129,365</b>	<b>\$12,650,116</b>	<b>\$21,372,943</b>	<b>\$17,841,961</b>

At the end of the year the Village is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

The government's net assets increased by \$3,530,982 during the calendar year ended. This increase is primarily attributable to several grants received from the State of Michigan regarding its Global Engine Alliance/Local Development Finance Authority Project.

As indicated in Table 2, the cost of all governmental activities this year was \$4.286 million. Of this amount \$.470 million was subsidized with revenue generated from charges for services with the remaining costs financed with grants and general revenues. The cost of business-type activities was \$2.489 million.

The Village experienced an increase in net assets of governmental activities of \$51,733. However, a significant amount will have to be paid for installment loans. This factor will have a significant negative impact on the increase in net assets for governmental activities. The Village experienced an increase of business-type assets of \$3,479,249.



# VILLAGE OF DUNDEE

## MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended February 28, 2006

**Table 2:**

### Changes in Net Assets Fiscal Years Ended February 28, 2006 and 2005

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
<b>Revenues</b>						
Program revenues						
Charges for services	\$470,105	\$471,482	\$1,680,985	\$1,545,066	\$2,151,090	\$2,016,548
Grants and contributions	2,857,386	5,954,394	2,305,987	922,248	5,163,373	6,876,642
	3,327,491	6,425,876	3,986,972	2,467,314	7,314,463	8,893,190
General revenues						
Property taxes	1,407,728	1,440,487	154,157	112,786	1,561,885	1,553,273
State grants (revenue sharing)	292,912	294,791	0	0	292,912	294,791
Other	397,689	148,497	550,059	300,033	947,748	448,530
	2,098,329	1,883,775	704,216	412,819	2,802,545	2,296,594
Total Revenues	5,425,820	8,309,651	4,691,188	2,880,133	10,117,008	11,189,784
<b>Functions/Program Expenses</b>						
Legislative	20,246	22,480	0	0	20,246	22,480
General government	307,443	287,785	0	0	307,443	287,785
Public safety	735,990	662,430	0	0	735,990	662,430
Public works	540,378	485,024	0	0	540,378	485,024
Culture and recreation	215,137	235,001	0	0	215,137	235,001
Capital improvements	2,148,805	845,696	0	0	2,148,805	845,696
Insurance	22,954	14,106	0	0	22,954	14,106
Interest on long-term debt	295,054	275,621	0	0	295,054	275,621
Water department	0	0	1,332,396	1,132,749	1,332,396	1,132,749
Sewer department	0	0	1,156,290	987,403	1,156,290	987,403
Total Expenses	4,286,007	2,828,143	2,488,686	2,120,152	6,774,693	4,948,295
Increase in Net Assets						
Before Transfers	1,139,813	5,481,508	2,202,502	759,981	3,342,315	6,241,489
Transfers	(1,088,080)	(1,960,387)	1,276,747	2,223,561	188,667	263,174
<b>Increase in Net Assets</b>	<b>\$51,733</b>	<b>\$3,521,121</b>	<b>\$3,479,249</b>	<b>\$2,983,542</b>	<b>\$3,530,982</b>	<b>\$6,504,663</b>

### Fund Financial Analysis

As noted earlier, the Village uses funds to help control and manage money for specific purposes. Looking at funds helps the reader consider whether the Village of Dundee's Management is being held accountable for resources taxpayers and others provide to it and may give more insight into the Village's overall financial health.

# VILLAGE OF DUNDEE

## MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended February 28, 2006

### Fund Financial Analysis - Concluded

As the Village completed the latest fiscal year, governmental funds reported a combined balance of \$4,934,715, which is an increase of \$473,615 from last year. The changes by fund are as follows:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Retirement Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
<b>Fund balances -</b>					
<b>Beginning of year</b>	\$1,874,609	\$ 863,433	\$360,248	\$1,362,810	\$4,461,100
Increase (decrease)	<u>239,274</u>	<u>231,861</u>	<u>6,765</u>	<u>(4,285)</u>	<u>473,615</u>
<b>Fund balances</b>					
<b>End of year</b>	<u>\$2,113,883</u>	<u>\$1,095,294</u>	<u>\$367,013</u>	<u>\$1,358,525</u>	<u>\$4,934,715</u>

The Village's General Fund Balance increase is comparable to the prior year due to many factors. The tables that follow assist in illustrating the financial activities of the General Fund.

	<u>February 28, 2006</u>	<u>February 28, 2005</u>	<u>Percent Change</u>
<b>Revenues</b>			
Property taxes	\$ 972,697	\$1,006,053	(3.32)%
Licenses and permits	51,812	54,276	(4.54)
State revenue sharing	292,912	294,791	(0.64)
Interest and rentals	161,933	100,248	61.53
Other	<u>60,386</u>	<u>12,801</u>	371.73
Total Revenues	<u>\$1,539,740</u>	<u>\$1,468,169</u>	4.87%
<b>Expenditures</b>			
Legislative	\$ 20,246	\$ 22,480	(9.94)%
General government	250,129	224,243	11.54
Public safety	427,026	328,091	30.15
Public works	228,419	223,728	2.10
Culture and recreation	117,592	129,576	(9.25)
Insurance	<u>22,954</u>	<u>14,106</u>	62.73
Total Expenditures	<u>\$1,066,366</u>	<u>\$942,224</u>	13.18%

## **VILLAGE OF DUNDEE**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended February 28, 2006**

#### **General Fund Budgetary Highlights**

The Uniform Budget Act of the State of Michigan requires the Village of Dundee Council to adopt the original budget prior to March 1, the start of the fiscal year. Over the course of the year the Village reviewed and amended its budget for unexpected changes in revenues and expenditures. State law requires that the budget be amended to ensure that the expenditures do not exceed appropriations. A schedule illustrating the Village's original and final budget amounts compared with amounts actually paid and received is provided in the required supplementary information of these statements.

#### **Long-term Contract, Capital Assets and Debt Administration**

As of February 28, 2006, the Village had \$9.85 million invested in a long term contract with Global Engine and \$33.41 million invested in a broad range of capital assets, including land, building and improvements, machinery and equipment, vehicles, as well as water and sewer systems. The Village had construction in progress consisting of \$6.978 million in sewer plant expansion costs. Other additions which totaled \$1.66 million included a \$180,165 land purchase and \$.29 million for a new Village Hall, \$.242 million for new vehicle equipment, and \$.912 million for new DPW buildings and road improvements. \$2,278,870 of new debt was issued for these additions. Depreciation this year totaled \$224,192 for governmental activities and \$558,190 for business-type activities. Details regarding capital assets is included in Note 9 to the financial statements.

#### **Debt**

At February 28, 2006, the Village's debt consisted mainly of contracts and general obligation for water and sewage disposal system construction. Total debt outstanding including compensated absences was \$37,671,325 as of February 28, 2006. The repayment of debt will be financed partially by tax increment financing and special assessments administered through the Village's Tax Collection Agency Fund which collects special assessments for the Village's Enterprise Fund. A detail summary of changes in long-term debt is located in Note 11 to the financial statements.

#### **Development of the 2006-2007 Fiscal Year Budget**

Our elected officials considered many factors when setting the Village's 2006-2007 fiscal year budget. Based primarily on the last fiscal year's spending patterns, thought is also given to factors affecting the budget, like decreased revenue as a result of reduced millage rates. The Village has taken several measures to help control the rising costs of governmental services. We will continue to watch our budget closely as we continue to upgrade our development programs and roads using money received from property taxes.

#### **Economic Factors**

During the 2005 - 2006 fiscal year, the Village started new bank accounts designated for debt service money received to retire debt on 2005 general obligations issued for construction on the new Village hall. As the Village continues to undergo new development, it will collect water and sewer connection fees to be applied against its outstanding debt in the water and sewer fund. The Village continues to employ an engineer to oversee all of the new development currently in progress within the Village.

#### **Contacting the Village of Dundee**

This financial report is designed to provide the Village's citizens, taxpayers, customers, investors, and creditors with a general overview of the Village's finances to demonstrate its accountability for the money it receives. If you have any questions about this report or any other information, contact the Village of Dundee Finance Director, 145 Riley Street, Dundee, MI 48131. Our phone number is (734) 529-3430.

**VILLAGE OF DUNDEE**

**STATEMENT OF NET ASSETS**

February 28, 2006

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and money management accounts	\$5,123,727	\$1,419,291	\$6,543,018	\$2,295,385
Receivables:				
Delinquent taxes	146,161	9,414	155,575	0
Accounts	58,196	309,201	367,397	0
Special Assessments	787,705	0	787,705	0
Internal balances	21,735	(59,785)	(38,050)	38,050
Due from other governmental units	293,373	237	293,610	816,218
Accrued interest receivable	4,668	0	4,668	8,809
Prepaid expenses	5,504	8,700	14,204	0
Total current assets	6,441,069	1,687,058	8,128,127	3,158,462
<b>Restricted assets</b>				
Cash and money management accounts	0	402,811	402,811	240,155
Cash with fiscal agent	0	712,197	712,197	0
Bond issuance costs (net of amortization)	0	113,942	113,942	130,300
Total restricted assets	0	1,228,950	1,228,950	370,455
<b>Noncurrent assets</b>				
Capital assets:				
Nondepreciated	5,188,555	10,360,850	15,549,405	6,173,804
Depreciated, net	3,424,849	14,440,243	17,865,092	11,227,599
Total capital assets	8,613,404	24,801,093	33,414,497	17,401,403
 Total assets	 \$15,054,473	 \$27,717,101	 \$42,771,574	 \$20,930,320
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Accounts payable	\$681,912	\$271,480	\$953,392	\$41,582
Accrued wages	13,106	14,696	27,802	0
Accrued interest	49,107	165,669	214,776	0
Other liabilities	1,000	18,716	19,716	0
Accrued compensated absences	50,490	26,373	76,863	0
Deferred revenue	755,883	0	755,883	0
Due to other governments	0	0	0	0
Current portion of long term debt net of related discount	502,168	675,000	1,177,168	125,000
Total noncurrent liabilities	2,053,666	1,171,934	3,225,600	166,582
<b>Noncurrent liabilities</b>				
Bonds payable (net of related discount)	7,757,229	10,415,802	18,173,031	18,016,265
 Total liabilities	 9,810,895	 11,587,736	 21,398,631	 18,182,847

See accompanying notes to the basic financial statements

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>NET ASSETS</b>				
Invested in capital assets net of related debt	\$304,900	\$13,710,291	\$14,015,191	(\$768,662)
Restricted for:				
Prepaid items	5,504	0	5,504	0
Fixed asset replacement	0	1,000	1,000	0
Streets and highways	1,020,534	0	1,020,534	0
Parks and recreation	1,728	0	1,728	0
Historical commission	2,925	0	2,925	0
Building department	70,107	0	70,107	0
Capital improvements	1,358,525	0	1,358,525	0
Debt service	367,013	637,950	1,004,963	709,174
Unrestricted	2,112,342	1,780,124	3,892,466	2,806,961
 Total net assets	<u>\$5,243,578</u>	<u>\$16,129,365</u>	<u>\$21,372,943</u>	<u>\$2,747,473</u>

# VILLAGE OF DUNDEE

## STATEMENT OF ACTIVITIES For the Year Ended February 28, 2006

Functions / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental Activities				
Legislative	\$20,246	\$0	\$0	\$0
General government	307,443	310,085	0	0
Public safety	735,990	5,422	0	0
Public works	540,378	6,265	230,026	0
Culture and recreation	215,137	0	0	0
Capital improvements (contributions)	2,148,805	0	0	2,627,360
Insurance	22,954	0	0	0
Interest on long-term debt	295,054	148,333	0	0
Total governmental activities	4,286,007	470,105	230,026	2,627,360
Business-type activities				
Water Department	1,332,396	881,610	0	250,121
Sewage Department	1,156,290	799,375	0	2,055,866
Total business-type activities	2,488,686	1,680,985	0	2,305,987
Total primary government	\$6,774,693	\$2,151,090	\$230,026	\$4,933,347
<b>Component units</b>				
Downtown Development Authority	\$55,069	\$0	\$0	\$0
LDFA - Water Plant	1,600	0	0	0
LDFA - Global Engine	305,849	0	0	65,180
Economic Development - Cabelas	633,888	0	0	0
Brownfield Redevelopment	13,279	0	0	0
Total Component Units	\$1,009,685	\$0	\$0	\$65,180

### General revenues

#### Taxes

Property taxes

State revenue sharing

Tap Fees

Interest and rentals

Other

Gain on sale of assets

Transfers

Total general revenues and transfers

Change in net assets

Net assets, March 1, 2005

Net assets, February 28, 2006

See accompanying notes to the basic financial statements

Net (Expense) Revenue and  
Changes in Net Assets

Primary Government			Component Units
Governmental Activities	Business-type Activities	Total	
(\$20,246)	\$0	(\$20,246)	
2,642	0	2,642	
(730,568)	0	(730,568)	
(304,087)	0	(304,087)	
(215,137)	0	(215,137)	
478,555	0	478,555	
(22,954)	0	(22,954)	
(146,721)	0	(146,721)	
(958,516)	0	(958,516)	
0	(200,665)	(200,665)	
0	1,698,951	1,698,951	
0	1,498,286	1,498,286	
(958,516)	1,498,286	539,770	
			(55,069)
			(1,600)
			(240,669)
			(633,888)
			(13,279)
			(944,505)
1,407,728	154,157	1,561,885	1,388,628
292,912	0	292,912	0
0	475,310	475,310	0
226,478	64,749	291,227	47,047
138,010	0	138,010	6,803
33,201	10,000	43,201	0
(1,088,080)	1,276,747	188,667	(188,667)
1,010,249	1,980,963	2,991,212	1,253,811
51,733	3,479,249	3,530,982	309,306
5,191,845	12,650,116	17,841,961	2,438,167
\$5,243,578	\$16,129,365	\$21,372,943	\$2,747,473

# VILLAGE OF DUNDEE

## BALANCE SHEET GOVERNMENTAL FUNDS

February 28, 2006

	General Fund	Major Street Fund	Local Street Fund	Industrial Park/ Equipment Purchase Fund
<b>Assets</b>				
Cash and money management accounts	\$1,987,155	\$199,653	\$80,335	\$1,509,206
Receivables:				
Accounts	58,196	0	0	0
Delinquent taxes	70,183	0	0	0
Special assessments	0	0	0	0
Due from other funds	86,216	0	0	10,000
Due from other governmental units	48,233	0	0	242,369
Accrued interest receivable	0	0	0	4,668
Prepaid expenses	5,504	0	0	0
<b>Total Assets</b>	<b>\$2,255,487</b>	<b>\$199,653</b>	<b>\$80,335</b>	<b>\$1,766,243</b>
<b>Liabilities</b>				
Accounts payable/retainage	\$102,809	\$624	\$552	\$568,825
Accrued wages	9,255	864	1,072	0
Due to other funds	1,340	15,850	9,909	0
Other liabilities	1,000	0	0	0
Deferred revenues	27,200	0	0	0
<b>Total Liabilities</b>	<b>141,604</b>	<b>17,338</b>	<b>11,533</b>	<b>568,825</b>
<b>Fund Balance</b>				
Reserved for capital improvements	0	0	0	1,094,051
Reserved for prepaid items	5,504	0	0	0
Reserved for debt service	0	0	0	0
Unreserved:				
Undesignated, reported in:				
General fund	2,108,379	0	0	0
Special revenue funds	0	\$182,315	\$68,802	0
Capital improvement funds	0	0	0	103,367
<b>Total Fund Balances</b>	<b>2,113,883</b>	<b>182,315</b>	<b>68,802</b>	<b>1,197,418</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$2,255,487</b>	<b>\$199,653</b>	<b>\$80,335</b>	<b>\$1,766,243</b>

See accompanying notes to the basic financial statements



Nonmajor Governmental Funds	Total Governmental Funds
\$1,292,925	\$5,069,274
0	58,196
75,978	146,161
787,705	787,705
845	97,061
0	290,602
0	4,668
0	5,504
<u>\$2,157,453</u>	<u>\$6,459,171</u>
\$9,102	\$681,912
1,915	13,106
45,456	72,555
0	1,000
<u>728,683</u>	<u>755,883</u>
785,156	1,524,456
161,107	1,255,158
0	5,504
367,013	367,013
0	2,108,379
844,177	1,095,294
0	103,367
<u>1,372,297</u>	<u>4,934,715</u>
<u>\$2,157,453</u>	<u>\$6,459,171</u>

**VILLAGE OF DUNDEE**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE  
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES**

February 28, 2006

Total Governmental Fund Balance			\$4,934,715
Amounts reported for governmental activities in the statement of net assets are different because:			
Internal Service Funds are used by the Village of Dundee to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are reported with the governmental activities in the statement of net assets.			
Total internal service fund net assets			54,453
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds			
Governmental noncurrent assets		\$10,016,540	
Less accumulated depreciation		<u>(1,403,136)</u>	
			8,613,404
Long-term liabilities including accrued compensated absences and long-term general obligations are not due and payable in the current year and therefore are not reported in the governmental funds.			
			(8,309,887)
Interest amounts on long term liabilities are not payable until due in the funds			
			<u>(49,107)</u>
Total Net Assets of Governmental Activities			<u><u>\$5,243,578</u></u>

See accompanying notes to the basic financial statements

# VILLAGE OF DUNDEE

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

February 28, 2006

	General Fund	Major Street Fund	Local Street Fund	Industrial Park/ Equipment Purchase
<b>Revenues:</b>				
Taxes	\$972,697	\$0	\$0	\$0
Special assessments	0	0	0	0
Licenses and permits	51,812	0	0	0
Federal grants	0	0	0	2,627,360
State grants	292,912	168,663	61,363	0
Fines and forfeits	5,422	0	0	0
Interest and rentals	161,933	3,611	566	34,514
Program income	0	0	0	0
Other revenues	54,964	2,524	0	55,485
<b>Total Revenues</b>	<b>1,539,740</b>	<b>174,798</b>	<b>61,929</b>	<b>2,717,359</b>
<b>Expenditures:</b>				
Legislative	20,246	0	0	0
General government	250,129	0	0	0
Public safety	427,026	0	0	0
Public works	228,419	152,564	97,955	0
Culture and recreation	117,592	0	0	0
Capital outlay	0	0	0	3,807,958
Insurance	22,954	0	0	0
Debt service	0	0	0	0
<b>Total Expenditures</b>	<b>1,066,366</b>	<b>152,564</b>	<b>97,955</b>	<b>3,807,958</b>
Excess (Deficiency) of Revenues over Expenditures	473,374	22,234	(36,026)	(1,090,599)
<b>Other Financing Sources (Uses):</b>				
Proceeds from bonds	0	0	0	2,278,802
Proceeds from sale of assets	0	0	0	122,328
Operating transfers in	15,000	85,000	50,000	21,210
Operating transfers (out)	(249,100)	(51,850)	0	(1,356,684)
<b>Total Other Financing Sources (Uses)</b>	<b>(234,100)</b>	<b>33,150</b>	<b>50,000</b>	<b>1,065,656</b>
<b>Net Change in Fund Balances</b>	<b>239,274</b>	<b>55,384</b>	<b>13,974</b>	<b>(24,943)</b>
<b>Fund Balances - Beginning of Year</b>	<b>1,874,609</b>	<b>126,931</b>	<b>54,828</b>	<b>1,222,361</b>
<b>Fund Balances - End of Year</b>	<b>\$2,113,883</b>	<b>\$182,315</b>	<b>\$68,802</b>	<b>\$1,197,418</b>

See accompanying notes to the basic financial statements

Nonmajor Governmental Funds	Total Governmental Funds
\$435,031	\$1,407,728
148,333	148,333
258,273	310,085
0	2,627,360
0	522,938
0	5,422
87,170	287,794
6,265	6,265
25,037	138,010
960,109	5,453,935
0	20,246
0	250,129
302,060	729,086
8,667	487,605
47,742	165,334
0	3,807,958
0	22,954
810,058	810,058
1,168,527	6,293,370
(208,418)	(839,435)
0	2,278,802
0	122,328
660,838	832,048
(262,494)	(1,920,128)
398,344	1,313,050
189,926	473,615
1,182,371	4,461,100
<u>\$1,372,297</u>	<u>\$4,934,715</u>

## VILLAGE OF DUNDEE

### RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS

February 28, 2006

Net Change in Fund Balances - total governmental funds		\$473,615
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives or shown as a capital contribution to the water and sewage disposal departments:		
Expenditures for capital assets	\$1,659,153	
Less current year depreciation	<u>(224,192)</u>	
		1,434,961
Accrued Interest payable is recorded when due in the governmental activities in the statement of activities.		18,260
Compensated absences not payable from current year resources are not reported as expenditures of the current year. In the Statement of Activities, these costs represent expenses of the current year.		(5,610)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment of bonds reduces long-term liabilities in the Statement of Net Assets.		496,744
Bond proceeds are not reported as other financing sources on the statement of activities		(2,278,802)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net income of the internal service funds is reported with the governmental activities.		1,692
Governmental funds report the entire proceeds from the sale of assets. However, in the Statement of Activities only the gain on the sale of assets is reported net of the assets original cost.		(89,127)
Change in Net Assets of Governmental Activities		<u><u>\$51,733</u></u>

See accompanying notes to the basic financial statements

**VILLAGE OF DUNDEE**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
February 28, 2006

	Business-type Activities Enterprise Fund	Governmental Activities Internal Service Funds
<b>Assets</b>		
Current Assets:		
Cash and money management accounts	\$1,419,291	\$54,453
Receivables - accounts	309,201	0
- taxes	9,414	0
Due from other funds	237	0
Prepaid expenses	8,700	0
Total Current Assets	<u>1,746,843</u>	<u>54,453</u>
Restricted assets:		
Cash and money management accounts	402,811	0
Cash with fiscal agent	712,197	0
Bond issuance costs (net of amortization)	113,942	0
Total Restricted Assets	<u>1,228,950</u>	<u>0</u>
Noncurrent assets		
Land and buildings	9,100,604	0
Machinery and equipment	11,313,745	0
Construction in progress	10,307,034	0
	<u>30,721,383</u>	<u>0</u>
Less: accumulated depreciation	(5,920,290)	0
Net Capital Assets	<u>24,801,093</u>	<u>0</u>
 Total Assets	 <u><u>\$27,776,886</u></u>	 <u><u>\$54,453</u></u>

See accompanying notes to the basic financial statements

	Business-type Activities Enterprise Fund	Governmental Activities Internal Service Funds
<b>Liabilities</b>		
Current Liabilities (payable from current assets):		
Accounts payable	\$271,480	\$0
Accrued payroll	14,696	0
Due to other funds	59,785	0
Other liabilities	18,716	0
Accrued interest	165,669	0
Accrued compensated absences	26,373	0
Current portion state revolving fund-sewer	85,000	0
Total Current Liabilities (payable from current assets)	641,719	0
Current Liabilities (payable from restricted assets):		
Current portion of contract payable - sewer	185,000	0
Current portion of contract payable - sewer	180,000	0
Current portion of bonds payable - water/sewer	15,000	0
Current portion of bonds payable - water/sewer	10,000	0
Current portion of contract payable - water	125,000	0
Current portion of bonds payable - water/sewer	10,000	0
Current portion of contract payable - water	65,000	0
Total Current Liabilities (payable from restricted assets)	590,000	0
Long-Term Liabilities (payable from current assets):		
State revolving fund loan - sewer	740,000	0
Total Long-term Liabilities (payable from current assets)	740,000	0
Long-Term Liabilities (payable from restricted assets):		
Contract payable - sewer (net of \$45,625 discount)	4,769,375	0
Contract payable - sewer (net of \$1,545 discount)	573,455	0
Bonds payable - water/sewer	115,000	0
Contract payable - water (with \$1,463 premium)	701,463	0
Bonds payable - water/sewer (net of \$374 discount)	44,626	0
Bonds payable - sewer	275,000	0
Contract payable - water (net of \$28,117 discount)	3,196,883	0
Total Long-term Liabilities (payable from restricted assets)	9,675,802	0
Total Liabilities	11,647,521	0
<b>Net Assets</b>		
Invested in Capital Assets Net of Related Debt	13,710,291	0
Restricted for: Replacement fund	1,000	0
Debt retirement and construction	637,950	0
Unrestricted	1,780,124	54,453
Total Net Assets	16,129,365	54,453
Total Liabilities and Net Assets	\$27,776,886	\$54,453

# VILLAGE OF DUNDEE

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS PROPRIETARY FUNDS

For the Fiscal Year Ended February 28, 2006

	Business-type Activities			Governmental
	Enterprise Fund			Activities
	Water	Sewer	Totals	Internal
	Department	Department		Service Funds
<b>Operating Revenues:</b>				
Charges for services	\$868,415	\$787,793	\$1,656,208	\$0
Hydrant rental	5,631	0	5,631	0
Penalties	7,564	10,699	18,263	0
Other revenue	0	883	883	0
<b>Total Operating Revenues</b>	<b>881,610</b>	<b>799,375</b>	<b>1,680,985</b>	<b>0</b>
<b>Operating Expenses:</b>				
Operating and maintenance wages	131,092	170,609	301,701	0
Clerical salaries	26,843	26,843	53,686	0
Employee benefits	45,816	66,415	112,231	0
Training	2,061	844	2,905	0
Utilities and telephone	24,424	109,513	133,937	0
Water supply and system maintenance	548,202	77,318	625,520	0
Chemicals	0	21,964	21,964	0
Laboratory supplies	1,709	12,265	13,974	0
Insurance	22,327	22,470	44,797	0
Office supplies	2,076	4,679	6,755	0
Professional services	5,713	3,102	8,815	0
Depreciation and amortization	315,125	259,285	574,410	0
Miscellaneous expense	7,034	4,410	11,444	0
Engineering fees	5,344	4,283	9,627	0
Vacation and sick pay	6,105	1,605	7,710	0
Sanitation	514	57,414	57,928	0
<b>Total Operating Expenses</b>	<b>1,144,385</b>	<b>843,019</b>	<b>1,987,404</b>	<b>0</b>
<b>Net Operating Income (loss)</b>	<b>(262,775)</b>	<b>(43,644)</b>	<b>(306,419)</b>	<b>0</b>
<b>Non-Operating Revenues (Expenses):</b>				
Tap fees	303,631	171,679	475,310	0
Current taxes	0	154,157	154,157	0
Interest income	0	64,749	64,749	1,692
Interest and fiscal charges	(188,011)	(313,271)	(501,282)	0
Gain on sale of asset	0	10,000	10,000	0
<b>Total Non-Operating Revenues (Expenses)</b>	<b>115,620</b>	<b>87,314</b>	<b>202,934</b>	<b>1,692</b>
<b>Income (loss) before contributions and transfers</b>	<b>(147,155)</b>	<b>43,670</b>	<b>(103,485)</b>	<b>1,692</b>
<b>Contributions</b>	<b>11,000</b>	<b>2,294,987</b>	<b>2,305,987</b>	<b>0</b>
<b>Transfers to other funds</b>	<b>(79,715)</b>	<b>0</b>	<b>(79,715)</b>	<b>0</b>
<b>Transfers from other funds</b>	<b>0</b>	<b>1,356,462</b>	<b>1,356,462</b>	<b>0</b>
<b>Change in net assets</b>	<b><u>(\$215,870)</u></b>	<b><u>\$3,695,119</u></b>	<b><u>3,479,249</u></b>	<b><u>1,692</u></b>
<b>Total Net Assets - Beginning of Year</b>			<b><u>12,650,116</u></b>	<b><u>52,761</u></b>
<b>Total Net Assets - End of Year</b>			<b><u>\$16,129,365</u></b>	<b><u>\$54,453</u></b>

See accompanying notes to the basic financial statements



**VILLAGE OF DUNDEE**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS**

For the Fiscal Year Ended February 28, 2006

	Business-type Activities Enterprise Fund	Governmental Activities Internal Service Funds
<b>Cash Flows From Operating Activities</b>		
Cash received from customers	\$1,703,815	\$0
Cash paid to suppliers	(834,942)	0
Cash paid to employees	(453,241)	0
Net cash provided by operating activities	415,632	0
<b>Cash Flows From Noncapital Financing Activities</b>		
Transfer to other funds	(79,715)	0
Transfer from other funds	1,356,462	0
Proceeds from the sale of assets	10,000	
Net Cash Provided (Used) for Noncapital Financing Activities	1,286,747	0
<b>Cash Flows From Capital and Related Financing Activities</b>		
Tap fees	475,310	0
Current taxes levied for debt	154,157	0
Acquisition and construction of capital assets - net of disposals	(6,517,077)	0
Principal paid on refunding bonds	(185,000)	0
Principal paid on contract payable	(215,000)	0
Principal paid on state revolving fund - sewer	(85,000)	0
Interest paid on revenue bonds and contract payable	(507,580)	0
Contributions	2,305,987	0
Net cash provided(used) by capital and related financing activities	(4,574,203)	0
<b>Cash Flows From Investing Activities</b>		
Interest earned on cash investments	64,749	1,692
Net increase in cash and cash equivalents	(2,807,075)	1,692
Cash and cash equivalents at beginning of year	5,341,374	52,761
Cash and cash equivalents at end of year	\$2,534,299	\$54,453

See accompanying notes to the basic financial statements

# VILLAGE OF DUNDEE

## RECONCILIATION OF OPERATING ACTIVITIES TO CASH PROVIDED BY OPERATING ACTIVITIES PROPRIETARY FUNDS

For the Fiscal Year Ended February 28, 2006

	Business-type Activities	Governmental Activities
	Enterprise Fund	Internal Service Funds
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>		
Operating income	(\$306,419)	\$0
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	574,410	0
(Increase) decrease in Assets		
Receivables	22,830	0
Due from other funds	17,772	0
Prepaid expenses	1,260	0
Increase (Decrease) in Liabilities		
Accounts payable	115,509	0
Accrued payroll	14,377	0
Due to other funds	(25,818)	0
Other liabilities	1,711	0
Total Adjustments	722,051	0
Net cash provided by operating activities	\$415,632	\$0

See accompanying notes to the basic financial statements

**VILLAGE OF DUNDEE**  
**STATEMENT OF ASSETS AND LIABILITIES**  
**FIDUCIARY FUNDS**  
February 28, 2006

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and money management accounts	<u>\$11,636</u>
Total Assets	<u><u>\$11,636</u></u>
<b>LIABILITIES</b>	
Due to other funds	\$3,009
Other liabilities	<u>8,627</u>
Total Liabilities	<u><u>\$11,636</u></u>

See accompanying notes to the basic financial statements

# VILLAGE OF DUNDEE

## COMBINED STATEMENT OF NET ASSETS COMPONENT UNITS February 28, 2006

	Downtown Development Authority	LDFA Water Plant	LDFA Global Alliance
<b>Assets</b>			
Cash and money management accounts	\$436,945	\$481,641	\$1,060,164
Internal balances	0	0	36,689
Due from other governmental units	213,120	188,309	190,992
Accrued interest receivable	3,803	5,006	0
Restricted cash	0	0	47,581
Bond issuance costs, net of amortization	0	0	130,300
Capital assets, net of accumulated depreciation	0	0	6,173,804
 Total Assets	 <u>\$653,868</u>	 <u>\$674,956</u>	 <u>\$7,639,530</u>
 <b>Liabilities</b>			
Accounts payable	\$0	\$0	\$41,582
Noncurrent liabilities:			
Due within one year	0	0	125,000
Due in more than one year	0	0	5,681,200
 Total Liabilities	 <u>0</u>	 <u>0</u>	 <u>5,847,782</u>
 <b>Net assets</b>			
Invested in capital assets, net of related debt	0	0	338,804
Restricted	0	0	84,270
Unrestricted	653,868	674,956	1,368,674
 Total Net Assets(Deficit)	 <u>653,868</u>	 <u>674,956</u>	 <u>1,791,748</u>
 Total Liabilities and Net Assets	 <u>\$653,868</u>	 <u>\$674,956</u>	 <u>\$7,639,530</u>

See accompanying notes to the basic financial statements

<u>Economic Development</u>	<u>Brownfield Redevelopment</u>	<u>Total</u>
\$109,463	\$207,172	\$2,295,385
21	1,340	38,050
137,285	86,512	816,218
0	0	8,809
192,574	0	240,155
0	0	130,300
11,227,599	0	17,401,403
<u>\$11,666,942</u>	<u>\$295,024</u>	<u>\$20,930,320</u>
\$0	\$0	\$41,582
0	0	125,000
12,335,065	0	18,016,265
<u>12,335,065</u>	<u>0</u>	<u>18,182,847</u>
(1,107,466)	0	(768,662)
329,880	295,024	709,174
109,463	0	2,806,961
<u>(668,123)</u>	<u>295,024</u>	<u>2,747,473</u>
<u>\$11,666,942</u>	<u>\$295,024</u>	<u>\$20,930,320</u>

# VILLAGE OF DUNDEE

## COMBINED STATEMENT OF ACTIVITIES COMPONENT UNITS Year Ended February 28, 2006

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Downtown Development Authority				
Public Works	\$55,069	\$0	\$0	\$0
LDFA - Water Plant				
Public Works	1,600	0	0	0
LDFA - Global Alliance				
Public Works	9,472	0	0	65,180
Interest on long term debt	296,377	0	0	0
Total	<u>305,849</u>	<u>0</u>	<u>0</u>	<u>65,180</u>
Economic Development Corporation				
Public Works	294,590	0	0	0
Interest on long term debt	339,298	0	0	0
Total	<u>633,888</u>	<u>0</u>	<u>0</u>	<u>0</u>
Brownfield Redevelopment Corporation				
Public Works	13,279	0	0	0
Total component units	<u>\$1,009,685</u>	<u>\$0</u>	<u>\$0</u>	<u>\$65,180</u>

### General revenues:

Property taxes

Interest

Other

Transfers

Total general revenues and transfers

Change in net assets

Net assets, beginning of year

Net assets, end of year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Assets

Downtown Development Authority	LDFA Water Plant	LDFA Global Alliance	Economic Development	Brownfield Redevelopment	Total
(\$55,069)					(\$55,069)
	(\$1,600)				(1,600)
		\$55,708 (296,377) <u>(240,669)</u>			(240,669)
			(\$294,590) (339,298) <u>(633,888)</u>		(633,888)
				(\$13,279)	(13,279)
(55,069)	(1,600)	(240,669)	(633,888)	(13,279)	(944,505)
305,539	296,563	515,353	137,285	133,888	1,388,628
11,058	14,965	13,400	6,357	1,267	47,047
0	0	702	6,101	0	6,803
(177,727)	(272,280)	79,715	181,625	0	(188,667)
138,870	39,248	609,170	331,368	135,155	1,253,811
83,801	37,648	368,501	(302,520)	121,876	309,306
570,067	637,308	1,423,247	(365,603)	173,148	2,438,167
<u>\$653,868</u>	<u>\$674,956</u>	<u>\$1,791,748</u>	<u>(\$668,123)</u>	<u>\$295,024</u>	<u>\$2,747,473</u>

## VILLAGE OF DUNDEE

### NOTES TO FINANCIAL STATEMENTS

February 28, 2006

#### Note 1 Description of the Village and Reporting Entity

The Village of Dundee is governed by a locally elected president and five member Council. The Village provides the following services: public works, public safety (police service), road construction, cemetery care, public improvements, planning and zoning, construction code inspections, water and sewer, economic development and general administrative services.

#### Reporting Entity

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 14 "*The Financial Reporting Entity*", these financial statements present the Village of Dundee (the primary government) and its component units. The criteria established by the GASB for determining the reporting entity includes fiscal dependency and whether the financial statements would be misleading if the data were not included. The individual component units discussed below are included in the Village's reporting entity based on the nature of their operational or financial relationship to the Village.

#### Discretely Presented Component Units

The following component units are reported within the component units column in the combined financial statements. They are reported in a separate column to emphasize that they are legally separate from the Village. More detailed information on each component unit is disclosed in the other supplemental information section.

##### Downtown Development Authority

The Downtown Development Authority (DDA) is a legally separate entity created by the Village for the purpose of financing improvements to the downtown area funded by the Tax Incremental Financing Authority tax capture collections.

##### Local Development Finance Authority-Water Plant

The Local Development Finance Authority-Water Plant was created to account for the tax monies captured by the increase in property values of the Village Industrial Park which will be used to repay debt and finance other projects as determined by the Local Development Finance Authority Board of Directors.

##### Local Development Finance Authority-Global Engine Alliance

The Local Development Finance Authority-Global Engine Alliance was created to account for the tax monies captured by the increase in property values of the Global Engine Project Area which will be used to repay the debt issued to finance this project.

##### Economic Development Corporation

The Economic Development Corporation was created to encourage economic development within the Village.

##### Brownfield Redevelopment Authority

The Brownfield Redevelopment Authority was created to assist in financing the clean-up and development of a Brownfield area by the use of the Tax Incremental Financing Authority tax capture collections.

#### Note 2 Summary of Significant Accounting Policies

The financial statements of the Village of Dundee have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Village also applies Financial Accounting Standards (FASB) statements and interpretations issued on or before November 30, 1989, to its Governmental activities provided they do not conflict with or contradict GASB pronouncements.



## VILLAGE OF DUNDEE

### NOTES TO FINANCIAL STATEMENTS

February 28, 2006

#### Note 2     Summary of Significant Accounting Policies (Continued)

The following are more significant of the Village's accounting policies.

##### A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement activities) report information on all of the non-fiduciary activities of the primary government. As of a general rule, the effect of interfund activity has been removed from these statements. Governmental activities which normally are supported by general government revenues (i.e., property taxes, revenue sharing, fines, permits, and charges) and intergovernmental revenues are reported separately from business-type activities which rely, to a significant extent on fees and charges for support. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by the related program revenues, operating and capital grants. *Direct expenses* are those that are clearly identifiable with a specific function or business-type activity. *Program revenues* must be directly associated with the function or business-type activity. Program revenues include 1) fines and forfeitures, licenses and permits fees, special assessments, and charges for services and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Separate financial statements are provided for governmental funds and proprietary funds. Major governmental funds are reported as separate columns in the fund financial statements.

##### B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements (statement of net assets and statement of activities) are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all the eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to claims and judgments, are recorded only when payment is due.

On the governmental funds statements charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Village.

The basic financial statements include both government-wide (based on the Village as a whole) and fund financial statements. While the previous model emphasized Fund types (the total of all funds of a particular type), in the new reporting model the focus is on either the Village as a whole or major individual funds (within the individual fund financial statements). Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Both the government-wide and fund financial statements categorize activities as either governmental or business-type activities.

## VILLAGE OF DUNDEE

### NOTES TO FINANCIAL STATEMENTS

February 28, 2006

#### Note 2 Summary of Significant Accounting Policies (Continued)

##### B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reflected, on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The Village reports the following major governmental funds:

##### General Fund

The General Fund is the primary operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

##### Major Street Fund

The Major Street Fund accounts for gas and weight tax monies from the State of Michigan and expenditures for construction and maintenance of all major streets.

##### Local Street Fund

The Local Street Fund accounts for gas and weight tax monies from the State of Michigan and expenditures for construction and maintenance of all local streets.

##### Industrial Park and Equipment Purchase Fund

The Industrial Park and Equipment Purchase Fund is used to account for financial resources to be used for the acquisition and construction of major capital facilities and equipment.

The Village reports the following major proprietary fund:

##### Enterprise Funds

The Enterprise Fund is used to account for the operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses), including depreciation, of providing goods or services to the general public on a continuing basis is financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Water and Sewage Disposal Fund is the only Enterprise Fund in this report.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principle ongoing operations. The principle operating revenues of the water and sewage disposal fund are charges to customers for sales and services. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, amortization, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Village reports the following nonmajor governmental funds:

##### Special Revenue Funds

Municipal Street Fund, Parks and Recreation Fund, Historical Commission Fund, and Building Department Fund.

## VILLAGE OF DUNDEE

### NOTES TO FINANCIAL STATEMENTS

February 28, 2006

Note 2     Summary of Significant Accounting Policies (Continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Concluded)

Capital Improvement Funds

Economic Development Fund and Sewer Separation and Street Rehabilitation Fund.

Debt Service Funds

1993 Special Assessment Fund, 1993 General Obligation Fund, 1993 Michigan Transportation Fund, 1994 Downtown Development Authority (LTGO) Bond Fund, 1998 General Obligation Fund, 1998 Special Assessment Fund, 1999 Special Assessment Fund, 2000 Special Assessment Fund, 2000 Installment Fund, 2001 Installment Fund, 2001 Special Assessment Fund, 2004 Installment Purchase Fund, 2004 Special Assessment Fund, and 2004 Promissory Note Fund, 2005 Capital Improvement General Obligation Fund, 2005 Installment Purchase/Lease, and 2005 Installment Vactor Fund..

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed.

Additionally, the Village reports the following fund types:

Agency Funds

Agency Funds are used to account for assets held by the Village as an agent for individuals, private organizations, other governments, and/or other funds. These funds are reported in the fund financial statements only because they do not report resources under the control of the Village. These funds are custodial in nature (assets equal liabilities) and does not involve the measurement of results of operations.

C. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Village to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates

D. Assets, Liabilities, and Net Assets

Cash and Cash Equivalents

For purposes of the statement of cash flows for the Proprietary Funds, cash and cash equivalents include cash and money management accounts, restricted cash and money management accounts, cash with fiscal agent, and petty cash.

Due From Other Governments

Amounts due from other governments include amounts due from grantors for specific program and capital projects. Program grants and capital grants for fixed assets are recorded as receivables and revenues at the time the reimbursable project costs are incurred. Revenues received in advance of the project costs being incurred are recorded as deferred revenues.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Additionally, the reserve for prepaid items has been recorded to signify that a portion of fund balance is not available for other subsequent expenditures.

## VILLAGE OF DUNDEE

### NOTES TO FINANCIAL STATEMENTS

February 28, 2006

#### Note 2 Summary of Significant Accounting Policies(Continued)

##### D. Assets, Liabilities, and Net Assets (Continued)

###### Restricted Assets

Restricted assets in the Enterprise Fund and the Component Units consist of amounts restricted for debt retirement or construction.

###### Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of at least \$5,000 and an estimated useful life in excess of two years. These assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of the normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phases of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the year, no interest was capitalized.

Infrastructure assets acquired prior to March 1, 2004, except for the EDC infrastructure assets, have not been capitalized and are omitted from the Statement of Net Assets.

Depreciation of all exhaustible capital assets used by the Village is charged as an expense against its various functions. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets as follows:

	<u>Years</u>
Land improvements	15-33
Infrastructure (Streets, bridges, and ramps)	20-50
Building and building improvements	10-33
Police vehicles	3- 5
DPW vehicles	5-20
Public safety equipment	5-20
Village office equipment	5-10
Water and sewer equipment	5-33
Water and sewer lines/systems	33-100

###### Works of Art, Historical Treasures, and Similar Assets

The Village has several historical artifacts and works of art that are presented for public exhibition, protected, kept unencumbered, cared for, and preserved by its Historical Commission. Village policy requires the proceeds from sales of collection items to be used to acquire other items for collections.

###### Interfund Balances

On the fund financial statements, receivables and payables resulting from short term interfund loans are classified as "due to/from other funds". These amounts are eliminated in the governmental activities column of the statement of net assets. Any residual balances outstanding between the governmental activities, the business-type activities, and the component units are reported in the government-wide financial statements as "internal balances".

## VILLAGE OF DUNDEE

### NOTES TO FINANCIAL STATEMENTS

February 28, 2006

#### Note 2     Summary of Significant Accounting Policies(Concluded)

##### D. Assets, Liabilities, and Net Assets (Concluded)

##### Accrued Liabilities and Long-Term Obligations

In the government-wide financial statements and proprietary fund financial statements, long term debt, notes, and other obligations are reported as liabilities in the applicable governmental activities, business-type activities, or component unit statement of net assets.

In general, payables and accrued liabilities that once incurred, are paid in a timely manner, and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Payments of long-term loans that are paid from governmental funds, are recognized as an expenditure on the governmental fund financial statements when due.

In the fund financial statements, governmental fund types recognize bond premiums and discounts as well as issuance costs during the current period. The face amount of the debt is reported as other financing sources. Premiums, discounts, and bond issuance costs are amortized over the life of the bond issue and reported in depreciation and amortization in the statement of activities.

##### Compensated Absences

Village employees are granted vacation and personal days under formulas and conditions in the employees contract or Village policy. The vacation and personal pay is accrued in the government-wide financial statements. In the fund financial statements, these amounts are reported when paid as wages.

##### Nature and Purpose of Reservations of Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations, if any, of fund balance represent tentative management plans that are subject to change.

##### Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitation imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments.

#### Note 3     Stewardship, Compliance, and Accountability

##### Budget Policy and Budgetary Accounting

Budgetary comparison schedules are required to be presented as Required Supplementary Information for the general fund and each major special revenue fund for which an annual budget has been adopted. Under the new reporting model GASB Statement No. 34 the following information is to be reported:

- Original Budget
- Final Budget
- Actual inflows, outflows and balances on a budgetary basis

## VILLAGE OF DUNDEE

### NOTES TO FINANCIAL STATEMENTS

February 28, 2006

Note 3      Stewardship, Compliance, and Accountability (Concluded)

Budget Policy and Budgetary Accounting (Concluded)

The Village has presented the General Fund in the Budgetary Comparison Schedules as Required Supplementary Information.

The Village has presented the Industrial Park and Equipment Purchase Fund and all nonmajor governmental funds in the Budgetary Comparison Schedules as Other Supplementary Information.

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund and Special Revenue Funds. The legal level of budgetary control is the department level. All unexpended appropriations lapse at fiscal year end. The Village does not utilize encumbrance accounting.

The Village follows these procedures in establishing the budgetary data reflected in the financial statements.

1. The Village manager submits to the Village Council a proposed operating budget for the fiscal year beginning March 1.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to February, the budget is legally enacted through a council resolution.
4. Any revisions of the budget must be approved by a council resolution.
5. Budgets are adopted on a basis consistent with generally accepted accounting principles.
6. Budgeted amounts are as originally adopted, or as amended by the Village Council.

Note 4      Deposits

Statutes authorize the Village to invest in obligations of the U.S. Treasury, agencies and instrumentalities; commercial paper within the three highest rate classifications by at least two rating services; bankers' acceptances of U.S. Banks, U.S. or agency repurchase agreements; savings accounts and certificates of deposit with banks and savings and loan associations, or credit unions which are insured with the applicable federal agency. Public funds may not be deposited in financial institutions located in states other than Michigan.

The Village believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, and since State of Michigan legislation does not require that all deposits be collateralized, it is impractical to insure all bank deposits. As a result, the Village evaluates each financial institution with which it deposits Village funds and assesses the level of risk at each institution; only those institutions with an acceptable estimated risk level are used as depositories.

The Village of Dundee Council has adopted an investment policy and has authorized four depositories: Monroe Bank & Trust, United Bank & Trust, LaSalle Bank, and Chase.

*Interest rate risk.* The Village's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

# VILLAGE OF DUNDEE

## NOTES TO FINANCIAL STATEMENTS

February 28, 2006

### Note 4 Deposits (Concluded)

*Credit risk.* The Village will minimize credit risk, which is the risk of loss due to the failure of the security issuer or backer, by limiting investments to the types of securities listed in the Village's investment policy.

*Concentration of credit risk.* The Village does not have limits on the amount the Village may deposit in any one issuer. The Village adheres to the following four criteria, as listed in order of priority, in making investment decisions:

*Safety:* Safety of principal is the foremost objective of the Village's investment practices. Investments shall be undertaken in a manner that seeks to insure the preservation of capital in the overall portfolio.

*Diversification:* The investments shall be diversified by specific maturity dates, individual financial institutions or specific classes of securities in order that the potential losses in individual securities do not exceed the income generated from the remainder of the portfolio.

*Liquidity:* The investment policy requires the investments to remain sufficiently liquid to meet all of the operating requirements that may be reasonably anticipated.

*Return on Investment:* Return on investment is of secondary importance compared to safety and liquidity criteria. Investments shall be selected to obtain a market average rate of return.

*Custodial credit risk.* Custodial credit risk for deposits is the risk that in the event of a bank failure, the Village's deposits may not be returned or the Village will not be able to recover the collateral securities in the possession of an outside party. As of February 28, 2006, the carrying amount of deposits (cash, certificates of deposits, checking accounts, savings accounts and money markets) for the government and component units were \$7,669,662 and \$2,535,540, respectively. The combined bank balance was \$10,193,669. The Village's deposits are insured by the FDIC in the amount of \$306,654, with uninsured deposits of \$9,887,015. The Village's deposits are at institutions with an established record of fiscal health and service. The Village Council approves and designates a list of authorized depository institutions. The Village's policy does not address custodial credit risk.

*Foreign currency risk.* The Village is not authorized to invest in investments which have this type of risk.

At year end, the deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>	<u>Fiduciary Funds</u>	<u>Component Units</u>
Cash and Cash Equivalents	\$5,123,727	\$1,419,291	\$6,543,018	\$11,636	\$2,295,385
Restricted Cash	-	1,115,008	1,115,008	-	240,155
	<u>\$5,123,727</u>	<u>\$2,534,299</u>	<u>\$7,658,026</u>	<u>\$11,636</u>	<u>\$2,535,540</u>

# VILLAGE OF DUNDEE

## NOTES TO FINANCIAL STATEMENTS

February 28, 2006

Note 5     Interfund Receivable, Payable and Transfers

Interfund receivable and payable balances as of February 28, 2006 were:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund:		
Major Street Fund	\$ 15,850	
Local Street Fund	9,909	
Tax	1,926	
Water & Sewer	23,096	
1993 S. A.	20,435	
Brownfield Debt		\$ 1,340
Special Revenue Funds:		
Municipal Highway Fund:		
Tax	845	
Major Street Fund:		
General Fund		15,850
Local Street Fund:		
General Fund		9,909
Component Units:		
Brownfield Debt:		
General Fund	1,340	
LDFA #3 Debt:		
Water/Sewer	36,689	
EDC Debt:		
EDC Construction	21	
EDC Construction:		
EDC Debt		21
Industrial Park/Equipment Purchase Fund:		
2004 S.A.	10,000	
Agency Funds:		
Taxes:		
General Fund		1,926
Municipal Highway Fund		845
Water/Sewer		237
Debt Fund:		
1993 S.A. Debt:		
General Fund		20,435
2004 S. A. Debt:		
Industrial Park/Equipment Purchase		10,000
Water/Sewer:		
Tax	237	
General Fund		23,096
LDFA #3 Debt	<u>          </u>	<u>36,689</u>
	<u>\$120,348</u>	<u>\$120,348</u>

Interfund balances reflect temporary loans and reimbursements due in the normal course of interfund activity. Interfund receivables in the LDFA #3 Debt Fund of \$36,689 represents accrued interest that was deposited in a water/sewer Enterprise Fund bank account and has not yet been reimbursed.



# VILLAGE OF DUNDEE

## NOTES TO FINANCIAL STATEMENTS

February 28, 2006

Note 5    Interfund Receivable, Payable and Transfers (Continued)

Interfund transfers were as follows:

<u>Funds Transferred From</u>	<u>Funds Transferred To</u>	<u>Amount</u>	
General Fund	EDC Construction Fund	\$ 11,581	(1)
	Parks and Recreation Fund	4,100	(2)
	Historical Commission	24,000	(2)
	EDC Debt Fund	125,322	(1)
	1999 Installment Debt Fund	11,484	(3)
	2000 Installment Debt Fund	7,062	(3)
	Capital Improvement Fund	7,910	(2)
	2005 Installment Debt Fund	22,641	(3)
	2005 General Obligation Debt	<u>35,000</u>	(3)
Total General Fund		249,100	
Municipal Street Fund	EDC Construction Fund	5,203	(1)
	Major Street Fund	85,000	(4)
	EDC Debt Fund	56,304	(1)
	1993 General Obligation Bonds	42,873	(3)
	1999 Special Assessment Bonds	12,403	(3)
	Local Street Fund	<u>50,000</u>	(4)
Total Municipal Street Fund		251,783	
Major Street Fund	1993 MTF Bonds	31,000	(3)
	1996 MTF Bonds	<u>20,850</u>	(3)
Total Major Street Fund		51,850	
Historical Commission	1995 Installment Debt Fund	4,491	(3)
Building Department Fund	2004 Installment Purchase	2,636	(3)
Industrial Park/Equipment Purchase Fund	2004 Installment Purchase	18,456	(5)
	2004 Promissory Note	<u>233,745</u>	(3)
Total Industrial Park/Equipment Purchase Fund		252,201	
Downtown Development Authority	1994 DDA LTGO Bonds	169,727	(3)
	General Fund	<u>8,000</u>	(1)
Total Downtown Development Authority		177,727	
LDFA - Water Plant	General Fund	7,000	(6)
	Industrial Park / Equipment	13,300	(7)
	Water/Sewer Enterprise Fund	<u>251,980</u>	(3)
Total LDFA - Water Plant		<u>272,280</u>	
1989 McBride Special Assessment	1993 Special Assessment Debt Fund	3,584	
Water/Sewer Enterprise Fund	LDFA #3 - Global Engine Alliance	<u>79,715</u>	
Total		<u>\$1,345,367</u>	

## VILLAGE OF DUNDEE

### NOTES TO FINANCIAL STATEMENTS

February 28, 2006

Note 5     Interfund Receivable, Payable and Transfers (Concluded)

The following describes the purpose of the transfers:

- (1) Transfers of tax revenues in accordance with provisions of the project financing and interlocal agreements between the Economic Development Corporation of the Village of Dundee and Cabela's, Inc.
- (2) Transfers of discretionary funds to be used for recreation and education
- (3) Transfer for debt service
- (4) Transfer for various street maintenance costs
- (5) Transfer for the waste water treatment plant expansion project
- (6) Transfer for administrative expenses
- (7) Transfer for capital improvements

Note 6     Property Tax

The Village, under Public Act 3 of 1895, as amended, may levy up to 12.5 mills for general purposes, 5 mills for highways and streets, and 1 mill for cemetery maintenance. Taxes are levied on July 1, each year and are collected by the Village from July 1 to August 31.

The property tax revenue is recognized in the period that the tax was levied.

The taxable value for both real and personal property as of December 31, 2004 amounted to \$126,227,344, which was based on a percentage of the fair market value of the assessed property. The 2005 tax roll consisted of the following millage rates.

6.98 mills	General Fund
3.10 mills	Municipal Highway Fund
<u>.87</u> mills	Wastewater Plant Debt Fund
<u>10.95</u> mills	

Note 7     Tax Increment Financing

Tax increment financing is the setting aside of the taxes generated by an increase in the state equalized value of designated properties for a specific purpose.

On May 31, 1988, the Village adopted a Tax Increment Financing Authority Plan for the Dundee Downtown Development District as allowed under the Downtown Development Authority Act, Act No. 197 of the Public Acts of 1975. This plan is devoted to the planned and orderly economic revitalization of the downtown business district. For the fiscal year ended February 28, 2006, the Downtown Development Fund recorded \$305,539 as property tax revenue generated from the downtown development district.

On February 20, 1990, the Village adopted a Local Development Finance Authority Plan (water plant) to help eliminate the causes of unemployment, underemployment, joblessness, and to promote economic growth in the Village, pursuant to Act No. 281 of the Public Acts of 1986. For the fiscal year ended February 28, 2006, the Local Development Finance Fund (Water Fund) recorded \$296,563 as property tax revenue generated from the industrial park area.

On May 29, 2003, the Village adopted a Local Development Finance Authority Plan (Global Engine Project) to repay the financing of improvements to utilities and roadways on Ty Circle Drive, Ann Arbor Road, and Dundee Azalia Road. These improvements were required to allow the construction of a \$240,000,000 facility by Global Engine Alliance, LLC. For the fiscal year ended February 28, 2006, the Local Development Finance Authority (Global Engine Project) recorded \$515,353 as property tax revenue generated from the properties under improvement.

# VILLAGE OF DUNDEE

## NOTES TO FINANCIAL STATEMENTS

February 28, 2006

Note 7     Tax Increment Financing (Concluded)

The Village has adopted Brownfield Redevelopment Authority (Tecumseh Road) to assist in financing the clean-up and development of a Brownfield area. For the year ended February 28, 2006, the Authority recorded \$133,888 in property tax revenue.

Note 8     Due from Other Governments

Due from other governments in the Downtown Development and Local Development Finance Component Units and the Brownfield Redevelopment Component Unit is a receivable for captured taxes from Monroe County and Dundee Township of \$678,933. Due from other governments in the Economic Development Corporation Debt Service Fund is a receivable for Incremental Revenue from the County and College of \$137,285.

Note 9     Capital Assets

Capital asset activity for the year ended February 28, 2006 was as follows:

**Primary Government**

	Balance March 1, 2005	Additions	Deletions	Balance February 28, 2006
<u>Governmental Activities</u>				
Capital assets not depreciated:				
Land	\$3,304,900	\$180,165	(\$89,127)	\$3,395,938
Construction in process	1,468,118	324,499	0	1,792,617
Capital assets being depreciated				
Infrastructure, roads, drains, and storm sewers	818,800	0	0	818,800
Buildings	1,157,927	912,104	0	2,070,031
Improvements other than buildings	1,168,262	0	0	1,168,262
Equipment	209,055	0	0	209,055
Vehicles	319,452	242,385	0	561,837
Totals at historical cost	<u>8,446,514</u>	<u>1,659,153</u>	<u>(89,127)</u>	<u>10,016,540</u>
Less accumulated depreciation for				
Infrastructure, roads, drains, and storm sewers	(1,623)	(24,812)	0	(26,435)
Buildings	(386,642)	(73,666)	0	(460,308)
Improvements other than buildings	(373,730)	(54,603)	0	(428,333)
Equipment	(120,808)	(28,273)	0	(149,081)
Vehicles	(296,141)	(42,838)	0	(338,979)
Total accumulated depreciation	<u>(1,178,944)</u>	<u>(224,192)</u>	<u>0</u>	<u>(1,403,136)</u>
Governmental Activities - Net				
Capital Assets	<u>\$7,267,570</u>	<u>\$1,434,961</u>	<u>(\$89,127)</u>	<u>\$8,613,404</u>

Depreciation expense was charged to governmental functions as follows:

General Government	\$51,704
Public Safety	6,904
Public Works	115,781
Culture and recreation	<u>49,803</u>
Total depreciation expense	<u>\$224,192</u>

# VILLAGE OF DUNDEE

## NOTES TO FINANCIAL STATEMENTS

February 28, 2006

### Note 9    Capital Assets (Concluded)

#### **Primary Government (Continued)**

	Balance March 1, 2005	Additions	Deletions	Balance February 28, 2006
<u>Business-type Activities</u>				
Capital assets not depreciated:				
Land	\$53,816	\$0	\$0	\$53,816
Construction in process	4,251,184	6,517,077	(461,227)	10,307,034
Capital assets being depreciated:				
Vehicles and equipment	407,148	0	(65,500)	341,648
Buildings and improvements	9,046,788	0	0	9,046,788
Water and sewer lines	10,510,868	461,228	0	10,972,096
Totals at historical costs	<u>24,269,804</u>	<u>6,978,305</u>	<u>(526,727)</u>	<u>30,721,382</u>
Less accumulated depreciation for:				
Vehicles and equipment	(285,762)	(24,482)	(65,500)	(244,744)
Buildings and improvements	(3,429,492)	(262,106)	0	(3,691,598)
Water and sewer lines	(1,712,345)	(271,602)	0	(1,983,947)
Total accumulated depreciation	<u>(5,427,599)</u>	<u>(558,190)</u>	<u>(65,500)</u>	<u>(5,920,289)</u>
Business-Type Activities - Net				
Capital Assets	<u>\$18,842,205</u>	<u>\$6,420,115</u>	<u>(\$461,227)</u>	<u>\$24,801,093</u>
Depreciation expense was charged to business-type functions as follows:				
Water				\$298,905
Sewer				<u>259,285</u>
Total depreciation expense				<u>\$558,190</u>

#### **Component Units**

##### Economic Development Corporation

Capital assets not depreciated:				
Land	\$3,300,000	\$0	\$0	\$3,300,000
Capital assets being depreciated:				
Water and sewer lines	2,396,074	0	0	2,396,074
Storm Sewers	1,830,690	0	0	1,830,690
Streets and ramps	4,808,301	0	0	4,808,301
Totals at historical costs	<u>12,335,065</u>	<u>0</u>	<u>0</u>	<u>12,335,065</u>
Less accumulated depreciation for:				
Water and sewer lines	(143,764)	(47,922)	0	(191,686)
Storm Sewers	(109,839)	(36,613)	0	(146,452)
Streets and ramps	(576,996)	(192,332)	0	(769,328)
Totals accumulated depreciation	<u>(830,599)</u>	<u>(276,867)</u>	<u>0</u>	<u>(1,107,466)</u>
EDC - Net Capital Assets	<u>\$11,504,466</u>	<u>(\$276,867)</u>	<u>\$0</u>	<u>\$11,227,599</u>
Depreciation expense charged to public works		<u>\$276,867</u>		
<u>LDFA #3 Global Engine Project</u>				
Capital assets not depreciated:				
Construction in process	\$4,984,568	\$1,189,236	\$0	\$6,173,804
Capital assets being depreciated:	0	0	0	0
Totals at historical costs	<u>4,984,568</u>	<u>1,189,236</u>	<u>0</u>	<u>6,173,804</u>
Less accumulated depreciation for:				
Improvements	0	0	0	0
LDFA #3 - Net Capital Assets	<u>\$4,984,568</u>	<u>\$1,189,236</u>	<u>\$0</u>	<u>\$6,173,804</u>
Depreciation expense charged to public works		<u>\$0</u>		

## VILLAGE OF DUNDEE

### NOTES TO FINANCIAL STATEMENTS

February 28, 2006

#### Note 10 Retirement Commitments

##### Plan Description

The Village of Dundee is in an agent multiple-employer defined benefit pension plan with the Municipal Employees Retirement System (MERS), administered by the State of Michigan. The Village's covered payroll for employees covered by the system for the year ended February 28, 2006 was \$613,816 out of a total of \$938,696.

All full time Village employees are eligible to participate in MERS. Benefits vest after 10 years of service. Village employees who retire at or after age 60 with 10 years, age 55 with 15 years, and age 50 with 25 years of credited service are entitled to an annual retirement benefit of 2.0% of a members 5 year final average compensation multiplied by the years of credited service not to exceed 30 years, payable until attainment of the age at which unreduced social security benefits are available (currently age 65 for normal retirement, gradually increasing to age 67). Upon attainment of this age, the benefit reverts to 1.7% of a members 5 year final average compensation. The system also provides disability retirement allowance, non duty death allowance, duty connected death and post retirement adjustments. These benefit provisions and all other requirements are established by state statute and Village council resolution.

The Municipal Employees Retirement System of Michigan issues a publically available financial report which may be obtained by writing to MERS, 447 North Canal Road, Lansing, Michigan, 48197.

Employees contribute 7.0% of their wages to the plan. The Village is required to contribute the remaining amounts necessary to fund the system, using the actuarial basis specified by State statute. The Village's annual required contribution was zero for the fiscal year ending February 28, 2006. The contribution requirements of plan members and the Village are established by the Village and by the MERS Board of Trustees. The required contribution was determined as part of the December 31, 2004 actuarial valuation using the entry age normal cost method.

Significant actuarial assumptions include: 1) a rate of return on the investment of present and future assets of 8.0% per year compounded annually, 2) projected salary increases of 4.5% per year compounded annually, attributable to inflation, 3) additional projected salary increases ranging from 0.0% to 4.2% per year, depending on age, attributable to seniority/merit, and 4) the assumption that benefits will increase 2.5% per year (annually) after retirement.

The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five year period. The Village's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll over 30 years.

##### Contributions Required and Contributions Made

MERS funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The normal cost and amortization payment were determined using an attained age actuarial funding method. Unfunded actuarial accrued liabilities, if any, were amortized as a level percent of payroll over a period of 30 years.

The contribution to MERS for the year ended February 28, 2006, of \$42,895 (7% current covered payroll) was made in accordance with actuarially determined requirements computed through an actuarial valuation performed as of December 31, 1990. The Village contributed \$-0- ; employees contributed \$42,895 (7.0% current covered payroll).

# VILLAGE OF DUNDEE

## NOTES TO FINANCIAL STATEMENTS

February 28, 2006

**Note 10**    Retirement Commitments (Concluded)  
Contributions Required and Contributions Made (Concluded)  
Three-year Trend Information

	Valuation Ended December 31,		
	2002	2003	2004
Annual pension cost	\$ -	\$ -	\$ -
Percentage of APC contributed	100%	100%	100%
Net pension obligation	-	-	-
Actuarial value of assets	1,929,949	2,055,934	2,175,602
Actuarial accrued liability (entry age)	1,544,328	1,618,497	1,768,281
Unfunded (overfunded) AAL	(385,621)	(437,437)	(407,321)
Funded ratio	125%	127%	123%
Annual covered payroll	487,865	495,896	576,701
UAAL as a percentage of annual covered payroll	0%	0%	0%

**Note 11**    Long-Term Debt

Following is a summary of changes in long-term debt:

	Balance February 28, 2005	Additions	Retired	Balance February 28, 2006	Due Within One Year
1993 Sewage Disposal System Limited Tax General Obligation bonds, bearing interest at 2%.	\$ 910,000	\$ -	\$ 85,000	\$ 825,000	\$ 85,000
1994 Sewage Disposal System Refunding Bonds, bearing interest at rates from 4.1% to 6.2%.	940,000	-	185,000	755,000	180,000
1997 Water Supply and Sewage Disposal System Revenue Bonds, bearing interest at 6.25%.	145,000	-	15,000	130,000	15,000
1998 Water Supply and Sewage Disposal System Revenue Bonds, bearing interest at 5.75%.	295,000	-	10,000	285,000	10,000
1999 Water Supply and Sewage Disposal System Revenue Bonds, bearing interest at 4.50%.	65,000	-	10,000	55,000	10,000

# VILLAGE OF DUNDEE

## NOTES TO FINANCIAL STATEMENTS

February 28, 2006

### Note 11    Long-Term Debt (Continued)

	Balance February 28, <u>2005</u>	<u>Additions</u>	<u>Retired</u>	Balance February 28, <u>2006</u>	Due Within One Year
2001 Monroe County Water Supply System Limited Tax General Obligation Bonds, bearing interest at rates from 4.0% to 5.0%.	\$ 3,350,000	\$ -	\$60,000	\$ 3,290,000	\$ 65,000
2002 Water Supply System Limited Tax General Obligation Refunding Bonds, bearing interest at rates from 1.4% to 3.8%.	945,000	-	120,000	825,000	125,000
2004 Monroe County Sewage Disposal System Limited Tax General Obligation Bonds, bearing interest from 3.88% to 5.00%.	<u>5,000,000</u>	<u>-</u>	<u>-</u>	<u>5,000,000</u>	<u>185,000</u>
Total Bonds and Contracts	11,650,000	-	485,000	11,165,000	675,000
Compensated Absences	<u>18,663</u>	<u>26,373</u>	<u>18,663</u>	<u>26,373</u>	<u>26,373</u>
Total Business-Type Activities	<u>11,668,663</u>	<u>26,373</u>	<u>503,663</u>	<u>11,191,373</u>	<u>701,373</u>
1993 General Obligation Limited Tax Bonds, bearing interest at rates from 3.0% to 5.5%.	155,000	-	35,000	120,000	40,000
1993 Special Assessment Bonds, bearing interest at rates from 3.0% to 5.5%.	100,000	-	25,000	75,000	25,000
1993 Michigan Transportation Fund Bonds, bearing interest at rates from 3.0% to 5.5%.	110,000	-	25,000	85,000	25,000
October 3, 1995 installment purchase agreement for purchase of heating and cooling units for the Community Center. Payments are \$222.97 per month for 120 months at 5.55% interest.	1,046	-	1,046	-	-

# VILLAGE OF DUNDEE

## NOTES TO FINANCIAL STATEMENTS February 28, 2006

### Note 11    Long-Term Debt (Continued)

	Balance February 28, 2005	<u>Additions</u>	<u>Retired</u>	Balance February 28, 2006	Due Within One Year
Refinanced Downtown Development Authority-Component Unit 1994 Downtown Development and Refunding Bonds, bearing interest at 4.55%.	\$ 1,470,000	\$ -	\$105,000	\$ 1,365,000	\$110,000
1996 Michigan Transportation Fund Bonds bearing interest at rates from 4.7% to 6.5%.	20,000	-	20,000	-	-
1996 Special Assessment Bonds bearing an interest rate of 5.6%	7,000	-	7,000	-	-
July 17, 1996 installment purchase agreement with Monroe Bank & Trust for the construction of a new roof for the Community Center. Payments are \$205.50 per month for 120 months at 5.15% interest.	3,361	-	3,361	-	-
1999 Installment purchase with Monroe Bank & Trust for purchase of a dump truck, payments are made annually with interest at 4.30%.	11,000	-	11,000	-	-
1998 General Obligation Limited Tax Bonds, bearing interest at 4.95%.	75,000	-	5,000	70,000	10,000
1998 Special Assessment Limited Tax General Obligation Bonds, bearing interest at 4.95%.	260,000	-	35,000	225,000	35,000
1999 Special Assessment Limited Tax General Obligation Bonds, bearing interest at 4.40%.	155,000	-	40,000	115,000	40,000



# VILLAGE OF DUNDEE

## NOTES TO FINANCIAL STATEMENTS February 28, 2006

### Note 11    Long-Term Debt (Continued)

	<u>Balance February 28, 2005</u>	<u>Additions</u>	<u>Retired</u>	<u>Balance February 28, 2006</u>	<u>Due Within One Year</u>
November 21, 2000 installment purchase agreement for purchase of a new dump truck for the Department of Public Works. Annual payments include interest at 5.5%.	\$ 19,000	\$ -	\$ 6,000	\$ 13,000	\$ 6,000
2000 Special Assessment Limited Tax General Obligation Bonds bearing interest at 5.10%.	215,000	-	30,000	185,000	30,000
2001 Special Assessment Limited Tax General Obligation Bonds bearing interest at 4.45%.	195,000	-	15,000	180,000	15,000
February 13, 2004 installment purchase agreement for purchase of building located at 141 Riley St., Dundee. Variable semiannual payments bearing an interest rate of 3.60%.	168,441	-	15,157	153,284	15,715
2004 Special Assessment Limited Tax General Obligation Bonds, bearing interest at 3.49%.	145,000	-	10,000	135,000	15,000
2004 Promissory Note (without recourse) for purchase of 154 acres of improved industrial park land, bearing interest at 4.00%.	3,268,000	-	-	3,268,000	-

# VILLAGE OF DUNDEE

## NOTES TO FINANCIAL STATEMENTS

February 28, 2006

### Note 11    Long-Term Debt (Continued)

	<u>Balance February 28, 2005</u>	<u>Additions</u>	<u>Retired</u>	<u>Balance February 28, 2006</u>	<u>Due Within One Year</u>
2004 Promissory Note/Line of Credit (without recourse) for interest and marketing expenses on the 154 acres of improved park land, bearing interest at 4.00%.	\$ 99,492	\$ 111,418	\$ 87,531	\$ 123,379	\$ -
2005 Capital Improvement Limited Tax General Obligation Bonds, bearing interest at 3.10% to 4.45%.	-	1,925,000	-	1,925,000	100,000
2005 Capital Lease/Installment with Ford Motor Credit for the purchase of a dump truck. Payments are made semiannually with interest at 5.60%.	-	82,385	20,651	61,734	19,453
2005 Installment purchase with United Bank & Trust for the purchase of a 1998 Ford vactor truck. Payments are made annually with interest at 4.145%.	<u>-</u>	<u>160,000</u>	<u>-</u>	<u>160,000</u>	<u>16,000</u>
Total Bonds and Installment Obligations	6,477,340	2,278,803	496,746	8,259,397	502,168
Compensated Absences	<u>44,880</u>	<u>50,490</u>	<u>44,880</u>	<u>50,490</u>	<u>50,490</u>
Total Governmental Activities	<u>6,522,220</u>	<u>2,329,293</u>	<u>541,626</u>	<u>8,309,887</u>	<u>552,658</u>

# VILLAGE OF DUNDEE

## NOTES TO FINANCIAL STATEMENTS February 28, 2006

### Note 11    Long-Term Debt (Continued)

	Balance February 28, 2005	Additions	Retired	Balance February 28, 2006	Due Within One Year
Economic Development Component Unit note payable to Cabela's Retail, Inc. Payments to be made annually starting 2003 and continuing for sixteen years. Payment amount is based on tax revenues.	\$12,335,065	\$ -	\$ -	\$12,335,065	\$ -
Local Development Finance Authority - Component Unit 2003 Global Engine Bonds, bearing interest at 5.75%. (Tax Exempt)	2,000,000	-	2,000,000	-	-
2004 Local Development Finance Authority-Component Unit Limited Tax General Obligation Bonds, bearing interest from 3.95% to 5.5%. (Federally Taxable)	3,200,000	-	-	3,200,000	105,000
2004 Local Development Finance Authority Monroe Bank & Trust Bonds, bearing interest from 4.00% to 5.00%. (Tax Exempt)	425,000	-	-	425,000	20,000
Local Development Finance Authority Component Unit 2005 Global Engine Refunding Bonds, bearing interest from 3.50% to 4.50%. (Tax Exempt)	-	2,210,000	-	2,210,000	-
Total Component Unit	17,960,065	2,210,000	2,000,000	18,170,065	125,000
Total	<u>\$36,150,948</u>	<u>\$4,565,666</u>	<u>\$3,045,289</u>	<u>\$37,671,325</u>	<u>\$1,379,031</u>

# VILLAGE OF DUNDEE

## NOTES TO FINANCIAL STATEMENTS

February 28, 2006

### Note 11 Long-Term Debt (Continued)

Contract Liability For Sewage Disposal Systems Bonds (Dundee Sewer No. 2) - \$1,165,000 issue dated September 30, 1993, by the County of Monroe as part of the State Revolving Loan Funded Project, to finance the sewer separation project capitalized in the water/sewer enterprise fund during fiscal year ending February 28, 1997.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2007	\$ 85,000	\$15,143	\$100,143
2008	85,000	13,443	98,443
2009	90,000	11,693	101,693
2010	90,000	9,893	99,893
2011	90,000	8,093	98,093
2012	95,000	6,243	101,243
2013	95,000	4,343	99,343
2014	95,000	2,443	97,443
2015	<u>100,000</u>	<u>747</u>	<u>100,747</u>
	<u>\$825,000</u>	<u>\$72,041</u>	<u>\$897,041</u>

Contract liability for 1994 Sewage Disposal Refunding Bonds (Village of Dundee System No. 1) - \$2,150,000 issue dated July 7, 1994, less discount of \$5,793, by the County of Monroe to advance refund 1988 Sewage Disposal System Bonds.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2007	\$180,000	\$40,130	\$220,130
2008	180,000	29,600	209,600
2009	200,000	18,190	218,190
2010	<u>195,000</u>	<u>6,045</u>	<u>201,045</u>
	<u>\$755,000</u>	<u>\$93,965</u>	<u>\$848,965</u>

1997 Water Supply and Sewer Disposal System Revenue Bonds dated March 1, 1997, in the aggregate principal amount of \$220,000 for the purpose of construction and improvements to the Village's Water Supply and Sewage Disposal System.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2007	\$ 15,000	\$ 6,431	\$ 21,431
2008	15,000	5,644	20,644
2009	15,000	4,856	19,856
2010	20,000	3,938	23,938
2011	20,000	2,888	22,888
2012	20,000	1,838	21,838
2013	<u>25,000</u>	<u>655</u>	<u>25,655</u>
	<u>\$130,000</u>	<u>\$26,250</u>	<u>\$156,250</u>

# VILLAGE OF DUNDEE

## NOTES TO FINANCIAL STATEMENTS

February 28, 2006

### Note 11 Long-Term Debt (Continued)

Contract Liability for General Obligation Limited Tax Bonds - \$350,000 issue dated May 5, 1998, by the County of Monroe for the purpose of construction and improvements to the Village's Water Supply and Sewage Disposal System.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2007	\$ 10,000	\$ 14,140	\$ 24,140
2008	15,000	13,509	28,509
2009	15,000	12,751	27,751
2010	15,000	11,994	26,994
2011	15,000	11,236	26,236
2012	15,000	10,479	25,479
2013	15,000	9,721	24,721
2014	15,000	8,964	23,964
2015	40,000	7,575	47,575
2016	40,000	5,555	45,555
2017	40,000	3,535	43,535
2018	<u>50,000</u>	<u>1,263</u>	<u>51,263</u>
	<u>\$285,000</u>	<u>\$110,722</u>	<u>\$395,722</u>

1999 Water Supply and Sewage Disposal System Revenue Bonds dated May 18, 1999, in the aggregate principal amount of \$115,000 for the purpose of construction and extension of water and sewer lines.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2007	\$10,000	\$2,325	\$12,325
2008	15,000	1,763	16,763
2009	15,000	1,068	16,068
2010	<u>15,000</u>	<u>356</u>	<u>15,356</u>
	<u>\$55,000</u>	<u>\$5,512</u>	<u>\$60,512</u>

# VILLAGE OF DUNDEE

## NOTES TO FINANCIAL STATEMENTS

February 28, 2006

### Note 11 Long-Term Debt (Continued)

2001 Monroe County Water Supply System Limited Tax General Obligation Bonds dated April 1, 2001, in the aggregate principal amount of \$3,500,000 less discount of \$35,000 by the County of Monroe for the purpose of construction and extension of water system improvements.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2007	\$ 65,000	\$ 156,552	\$ 221,552
2008	65,000	153,904	218,904
2009	70,000	151,085	221,085
2010	70,000	148,128	218,128
2011	90,000	144,728	234,728
2012	100,000	140,690	240,690
2013	100,000	136,365	236,365
2014	130,000	131,240	261,240
2015	115,000	125,670	240,670
2016	125,000	120,088	245,088
2017	130,000	114,030	244,030
2018	130,000	107,758	237,758
2019	190,000	99,950	289,950
2020	205,000	90,273	295,273
2021	215,000	79,875	294,875
2022	225,000	68,875	293,875
2023	235,000	57,375	292,375
2024	245,000	45,375	290,375
2025	250,000	33,000	283,000
2026	260,000	20,250	280,250
2027	<u>275,000</u>	<u>6,875</u>	<u>281,875</u>
	<u>\$3,290,000</u>	<u>\$2,132,086</u>	<u>\$5,422,086</u>

Contract Liability for 2002 Water Supply System Refunding Bonds (Village of Dundee System No. 1) - \$1,085,000 issue dated December 19, 2002, less discount of \$2,341 by the County of Monroe to advance refund 1991 Water Supply System Bonds.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2007	\$125,000	\$25,845	\$150,845
2008	125,000	22,095	147,095
2009	130,000	18,173	148,173
2010	140,000	13,745	153,745
2011	150,000	8,627	158,627
2012	<u>155,000</u>	<u>2,945</u>	<u>157,945</u>
	<u>\$825,000</u>	<u>\$91,430</u>	<u>\$916,430</u>

# VILLAGE OF DUNDEE

## NOTES TO FINANCIAL STATEMENTS

February 28, 2006

### Note 11   Long-Term Debt (Continued)

2004 Monroe County Sewage Disposal System (Village of Dundee System No. 3) Limited Tax General Obligation Bonds dated May 1, 2004 in aggregate principal amount of \$5,000,000 less discount of \$50,000 by the County of Monroe for the purpose of constructing an addition to the existing waste water treatment plant to service the Village of Dundee.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2007	\$ 185,000	\$ 219,338	\$ 404,338
2008	195,000	211,976	406,976
2009	200,000	204,198	404,198
2010	210,000	195,998	405,998
2011	220,000	187,398	407,398
2012	230,000	178,254	408,254
2013	240,000	168,560	408,560
2014	255,000	158,350	413,350
2015	265,000	147,459	412,459
2016	280,000	135,668	415,668
2017	290,000	123,056	413,056
2018	300,000	109,854	409,854
2019	315,000	95,859	410,859
2020	330,000	80,859	410,859
2021	345,000	64,824	409,824
2022	365,000	47,647	412,647
2023	385,000	29,125	414,125
2024	<u>390,000</u>	<u>9,750</u>	<u>399,750</u>
	<u>\$5,000,000</u>	<u>\$2,368,173</u>	<u>\$7,368,173</u>

# VILLAGE OF DUNDEE

## NOTES TO FINANCIAL STATEMENTS

February 28, 2006

### Note 11    Long-Term Debt (Continued)

1993 General Obligation Limited Tax Bonds dated September 1, 1993, in the aggregate amount of \$450,000 for the construction of public street improvements.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2007	\$ 40,000	\$5,480	\$ 45,480
2008	40,000	3,300	43,300
2009	<u>40,000</u>	<u>1,100</u>	<u>41,100</u>
	<u>\$120,000</u>	<u>\$9,880</u>	<u>\$129,880</u>

1993 Special Assessment Bonds (limited tax general obligation) dated September 1, 1993, in the aggregate principal amount of \$660,000 for the construction of public street improvements.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2007	\$25,000	\$3,425	\$28,425
2008	25,000	2,063	27,063
2009	<u>25,000</u>	<u>687</u>	<u>25,687</u>
	<u>\$75,000</u>	<u>\$6,175</u>	<u>\$81,175</u>

1993 Michigan Transportation Fund Bonds dated September 1, 1993, in the aggregate amount of \$300,000 for the construction of public street improvements.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2007	\$25,000	\$3,845	\$28,845
2008	30,000	2,400	32,400
2009	<u>30,000</u>	<u>803</u>	<u>30,803</u>
	<u>\$85,000</u>	<u>\$7,048</u>	<u>\$92,048</u>



# VILLAGE OF DUNDEE

## NOTES TO FINANCIAL STATEMENTS

February 28, 2006

Note 11    Long-Term Debt (Continued)

1999 Downtown Development Refunding Bonds (Limited Tax General Obligation) dated March 23, 1999, in the aggregate principal amount of \$1,695,000 for the refinancing of the 1994 Downtown Development and Refunding Bonds.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2007	\$ 110,000	\$ 59,605	\$ 169,605
2008	120,000	54,373	174,373
2009	130,000	48,685	178,685
2010	145,000	42,429	187,429
2011	150,000	35,717	185,717
2012	160,000	28,665	188,665
2013	175,000	21,044	196,044
2014	185,000	12,854	197,854
2015	<u>190,000</u>	<u>4,323</u>	<u>194,323</u>
	<u>\$1,365,000</u>	<u>\$307,695</u>	<u>\$1,672,695</u>

Contract Liability for 1998 General Obligation Limited Tax Bonds-\$105,000 issue dated May 5, 1998, by the County of Monroe, for the purpose of local public improvements.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2007	\$10,000	\$ 3,465	\$13,465
2008	10,000	2,970	12,970
2009	10,000	2,475	12,475
2010	10,000	1,980	11,980
2011	10,000	1,485	11,485
2012	10,000	990	10,990
2013	<u>10,000</u>	<u>495</u>	<u>10,495</u>
	<u>\$70,000</u>	<u>\$13,860</u>	<u>\$83,860</u>

Special Assessment Limited Tax General Obligation Bonds dated May 5, 1998, in the aggregate amount of \$475,000, for the purpose of local public improvements for Stowell Road and Waterstradt Commerce Drive.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2007	\$ 35,000	\$11,137	\$ 46,137
2008	30,000	9,405	39,405
2009	30,000	7,920	37,920
2010	30,000	6,435	36,435
2011	30,000	4,950	34,950
2012	30,000	3,465	33,465
2013	<u>40,000</u>	<u>1,980</u>	<u>41,980</u>
	<u>\$225,000</u>	<u>\$45,292</u>	<u>\$270,292</u>

# VILLAGE OF DUNDEE

## NOTES TO FINANCIAL STATEMENTS

February 28, 2006

### Note 11 Long-Term Debt (Continued)

Special Assessment (Limited Tax General Obligation) Bonds dated May 18, 1999, in the aggregate amount of \$375,000, for the purpose of local public improvements for Oak Street and Waterstradt Commerce Drive.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2007	\$ 40,000	\$4,960	\$ 44,960
2008	40,000	3,260	43,260
2009	<u>35,000</u>	<u>1,540</u>	<u>36,540</u>
	<u>\$115,000</u>	<u>\$9,760</u>	<u>\$124,760</u>

2001 Note Payable to Monroe Bank & Trust, dated November 21, 2000 for \$39,784 to finance an installment purchase agreement for the purchase of a New Dump Truck.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2007	\$ 6,000	\$ 715	\$ 6,715
2008	<u>7,000</u>	<u>385</u>	<u>7,385</u>
	<u>\$13,000</u>	<u>\$1,100</u>	<u>\$14,100</u>

Special Assessment (Limited Tax General Obligation) Bonds dated November 7, 2000, in the aggregate amount of \$300,000 for the purpose of an Industrial Complex Development.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2007	\$ 30,000	\$ 8,435	\$ 38,435
2008	30,000	6,988	36,988
2009	35,000	5,403	40,403
2010	30,000	3,795	33,795
2011	30,000	2,288	32,288
2012	<u>30,000</u>	<u>765</u>	<u>30,765</u>
	<u>\$185,000</u>	<u>\$27,674</u>	<u>\$212,674</u>

# VILLAGE OF DUNDEE

## NOTES TO FINANCIAL STATEMENTS

February 28, 2006

### Note 11 Long-Term Debt (Continued)

2001 Special Assessment (Limited Tax General Obligation) Bonds dated November 1, 2001, in the aggregate amount of \$220,000 for the purpose of road replacement on Rawson Street.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2007	\$ 15,000	\$ 7,676	\$ 22,676
2008	15,000	7,009	22,009
2009	15,000	6,341	21,341
2010	15,000	5,674	20,674
2011	15,000	5,006	20,006
2012	15,000	4,339	19,339
2013	15,000	3,671	18,671
2014	15,000	3,004	18,004
2015	15,000	2,336	17,336
2016	15,000	1,669	16,669
2017	15,000	1,001	16,001
2018	<u>15,000</u>	<u>334</u>	<u>15,334</u>
	<u>\$180,000</u>	<u>\$48,060</u>	<u>\$228,060</u>

2004 Note Payable to United Bank & Trust, dated February 13, 2004 for \$175,000 to finance the purchase of real estate.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2007	\$ 15,715	\$ 5,378	\$ 21,093
2008	16,286	4,807	21,093
2009	16,877	4,215	21,092
2010	17,491	3,602	21,093
2011	18,126	2,967	21,093
2012	18,784	2,309	21,093
2013	19,467	1,626	21,093
2014	20,174	919	21,093
2015	<u>10,364</u>	<u>186</u>	<u>10,550</u>
	<u>\$153,284</u>	<u>\$26,009</u>	<u>\$179,293</u>

# VILLAGE OF DUNDEE

## NOTES TO FINANCIAL STATEMENTS

February 28, 2006

### Note 11 Long-Term Debt (Continued)

2004 Special Assessment (Limited Tax General Obligations) Bonds dated May 18, 2004 in the aggregate amount of \$155,000 for the purpose of road replacement on First Street.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2007	\$15,000	\$4,450	\$19,450
2008	20,000	3,839	23,839
2009	20,000	3,141	23,141
2010	15,000	2,530	17,530
2011	15,000	2,007	17,007
2012	15,000	1,483	16,483
2013	15,000	960	15,960
2014	20,000	349	20,349
	<u>\$135,000</u>	<u>\$18,759</u>	<u>\$153,759</u>

2004 Promissory note (without recourse) with Monroe Bank & Trust dated March 30, 2004 in the amount of \$3,268,000 for the purpose of purchasing 153 acres of improved land in the Village's Industrial Park. Repayment of the promissory note is subject to parcel sales in accordance with the provisions of a land development agreement between the Village of Dundee and Monroe Bank & Trust. The Village will have no direct obligation for the payment of the obligation represented by the agreement. The obligation owing under this agreement shall terminate on December 31, 2009, unless extended. The property is secured by various mortgages with Monroe Bank & Trust.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2007	\$0	\$253,270	\$253,270
2008	0	253,270	253,270
2009	0	253,270	253,270
2010	3,268,000	253,270	3,521,270
	<u>\$3,268,000</u>	<u>\$1,013,080</u>	<u>\$4,281,080</u>

2004 Promissory note/line of credit (without recourse) with Monroe Bank & Trust dated March 30, 2004 in the amount of \$99,942 for the purpose of paying interest and marketing expenses in accordance with the land development agreement described above. Repayment of the credit line is subject to parcel sales in accordance with the provisions of the land development agreement between the Village of Dundee and Monroe Bank and Trust. The Village will have no direct obligation for the payment of the obligation represented by the agreement. The obligation owing under this agreement shall terminate on December 31, 2009, unless extended. The property is secured by various mortgages with Monroe Bank & Trust.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2007	\$0	\$9,562	\$9,562
2008	0	9,562	9,562
2009	0	9,562	9,562
2010	123,379	9,562	132,941
	<u>\$123,379</u>	<u>\$38,248</u>	<u>\$161,627</u>

# VILLAGE OF DUNDEE

## NOTES TO FINANCIAL STATEMENTS

February 28, 2006

Note 11    Long-Term Debt (Continued)

2005 Capital Improvement (Limited Tax General Obligations) Bonds dated June 30, 2005 in the aggregate amount of \$1,925,000 for the purpose of construction of the new Village Hall.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2007	\$100,000	\$76,137	\$176,137
2008	100,000	73,036	173,036
2009	105,000	69,837	174,837
2010	109,000	66,319	175,319
2011	112,000	62,504	174,504
2012	117,000	58,416	175,416
2013	121,000	54,028	175,028
2014	126,000	49,370	175,370
2015	130,000	44,393	174,393
2016	136,000	39,128	175,128
2017	141,000	33,484	174,484
2018	147,000	27,492	174,492
2019	154,000	21,170	175,170
2020	160,000	14,472	174,472
2021	167,000	7,431	174,431
	<u>\$1,925,000</u>	<u>\$697,217</u>	<u>\$2,622,217</u>

2005 Note Payable to Ford Motor Company, dated July 1, 2005 for \$82,385 to finance a capital lease/installment purchase of a new 2005 Ford L750 Dump Truck.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2007	\$19,453	\$3,189	\$22,642
2008	20,557	2,084	22,641
2009	21,724	916	22,640
	<u>\$61,734</u>	<u>\$6,189</u>	<u>\$67,923</u>

# VILLAGE OF DUNDEE

## NOTES TO FINANCIAL STATEMENTS

February 28, 2006

Note 11    Long-Term Debt (Continued)

2005 Note Payable to United Bank & Trust dated July 5, 2005 in the amount of \$160,000 for the purpose of financing the purchase of a 1998 Vactor Truck on a Ford chasis.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2007	\$16,000	\$6,393	\$22,393
2008	16,000	6,052	22,052
2009	16,000	5,394	21,394
2010	16,000	4,707	20,707
2011	16,000	4,034	20,034
2012	16,000	3,362	19,362
2013	16,000	2,697	18,697
2014	16,000	2,017	18,017
2015	16,000	1,345	17,345
2016	16,000	672	16,672
	<u>\$160,000</u>	<u>\$36,673</u>	<u>\$196,673</u>

2004 Local Development Finance Authority Global Engine Bonds (Limited Tax General Obligation) (Federally Taxable) dated April 1, 2004 in the aggregate principal amount of \$3,200,000 for the acquisition and construction of various infrastructure improvements to assist in the Global Engine Project.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2007	\$105,000	\$158,329	\$263,329
2008	110,000	154,082	264,082
2009	115,000	149,639	264,639
2010	125,000	144,868	269,868
2011	130,000	139,637	269,637
2012	140,000	133,688	273,688
2013	145,000	126,987	271,987
2014	155,000	119,633	274,633
2015	165,000	111,632	276,632
2016	175,000	103,045	278,045
2017	185,000	93,819	278,819
2018	195,000	83,985	278,985
2019	210,000	73,350	283,350
2020	220,000	61,900	281,900
2021	235,000	49,670	284,670
2022	250,000	36,512	286,512
2023	260,000	22,550	282,550
2024	280,000	7,700	287,700
	<u>\$3,200,000</u>	<u>\$1,771,026</u>	<u>\$4,971,026</u>

# VILLAGE OF DUNDEE

## NOTES TO FINANCIAL STATEMENTS

February 28, 2006

### Note 11    Long-Term Debt (Continued)

2004 Local Development Finance Authority Global Engine Bonds (Limited Tax General Obligation) (Federally Taxable) dated June 1, 2004 in the aggregate principal amount of \$425,000 for the acquisition and construction of various infrastructure improvements to assist in the Global Engine Project.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2007	\$20,000	\$18,225	\$38,225
2008	20,000	17,425	37,425
2009	20,000	16,625	36,625
2010	20,000	15,825	35,825
2011	20,000	15,025	35,025
2012	25,000	14,125	39,125
2013	25,000	13,125	38,125
2014	25,000	12,125	37,125
2015	25,000	11,063	36,063
2016	25,000	9,937	34,937
2017	25,000	8,813	33,813
2018	25,000	7,687	32,687
2019	25,000	6,563	31,563
2020	25,000	5,437	30,437
2021	25,000	4,313	29,313
2022	25,000	3,125	28,125
2023	25,000	1,875	26,875
2024	25,000	625	25,625
	<u>\$425,000</u>	<u>\$181,938</u>	<u>\$606,938</u>

# VILLAGE OF DUNDEE

## NOTES TO FINANCIAL STATEMENTS

February 28, 2006

### Note 11   Long-Term Debt (Continued)

2005 Local Development Finance Authority Global Engine Refunding Bonds (Village LDFA Tax Exempt) dated October 6, 2005 in the aggregate principal amount of \$2,210,000 for refinancing acquisition - construction of various infrastructure improvements to assist in the Global Engine Project.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2007	\$ -	\$ 94,499	\$ 94,499
2008	-	88,362	88,362
2009	100,000	86,613	186,613
2010	105,000	83,025	188,025
2011	110,000	79,262	189,262
2012	115,000	75,325	190,325
2013	120,000	71,063	191,063
2014	125,000	66,469	191,469
2015	125,000	61,781	186,781
2016	130,000	56,837	186,837
2017	135,000	51,538	186,538
2018	145,000	45,938	190,938
2019	150,000	40,037	190,037
2020	155,000	33,744	188,744
2021	160,000	27,050	187,050
2022	170,000	20,038	190,038
2023	180,000	12,375	192,375
2024	<u>185,000</u>	<u>4,162</u>	<u>189,162</u>
	<u>\$2,210,000</u>	<u>\$998,118</u>	<u>\$3,208,118</u>



# VILLAGE OF DUNDEE

## NOTES TO FINANCIAL STATEMENTS

February 28, 2006

**Note 11**   Long-Term Debt (Concluded)

The annual requirements to pay principal and interest on the long-term debt outstanding at February 28, 2006, excluding compensated absences, are as follows:

**Business Type Activities:**

<u>Fiscal Years</u>	<u>Enterprise Fund</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 675,000	\$ 479,904	\$ 1,154,904
2008	695,000	451,934	1,146,934
2009	735,000	422,014	1,157,014
2010	755,000	390,097	1,145,097
2011	585,000	362,970	947,970
2012 - 2016	2,550,000	1,503,852	4,053,852
2017 - 2021	2,540,000	971,136	3,511,136
2022 - 2026	2,355,000	311,397	2,666,397
2027 - 2031	<u>275,000</u>	<u>6,875</u>	<u>281,875</u>
	<u>\$11,165,000</u>	<u>\$4,900,179</u>	<u>\$16,065,179</u>

**Governmental Activities:**

<u>Fiscal Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 502,168	\$ 467,294	\$ 969,462
2008	519,843	445,152	964,995
2009	529,601	421,638	951,239
2010	3,778,870	400,565	4,179,435
2011	396,126	121,219	517,345
2012 - 2016	1,733,789	353,731	2,087,520
2017 - 2021	<u>799,000</u>	<u>105,384</u>	<u>904,384</u>
	<u>\$8,259,397</u>	<u>\$2,314,983</u>	<u>\$10,574,380</u>

**Component Units:**

<u>Fiscal Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 125,000	\$ 271,053	\$ 396,053
2008	130,000	259,869	389,869
2009	235,000	252,877	487,877
2010	250,000	243,718	493,718
2011	260,000	233,924	493,924
2012 - 2016	1,520,000	986,835	2,506,835
2017 - 2021	1,915,000	593,844	2,508,844
2022 - 2026	<u>1,400,000</u>	<u>108,962</u>	<u>1,508,962</u>
	<u>\$5,835,000</u>	<u>\$2,951,082</u>	<u>\$8,786,082</u>

The annual requirements to pay principal and interest on the long-term debt outstanding do not include requirements of the Economic Development Corporation's note payable to Cabela's Retail, Inc. Payment amounts are based on tax revenues and have not been determined.

# VILLAGE OF DUNDEE

## NOTES TO FINANCIAL STATEMENTS

February 28, 2006

### Note 12 Water Department - Restricted Assets

Bond Ordinance No. 34 requires a minimum balance of \$1,000 to be on deposit in the Replacement Fund and \$8,000 to be on deposit in the Bond Reserve Fund. These requirements have been met.

### Note 13 Segment Information for Enterprise Fund

The Village maintains one Enterprise Fund which provides water and sewer services to Village residents. Segment information for the year ended February 28, 2006 follows:

	<u>Combined</u>	<u>Water</u>	<u>Sewer</u>
Operating revenues	\$ 1,680,985	\$ 881,610	\$ 799,375
Depreciation and amortization	574,410	315,125	259,285
Operating income (loss)	(306,419)	(262,775)	(43,644)
Tax revenues	154,157	-	154,157
Net income (loss) before contributions and transfers	(103,485)	(147,155)	43,670
Contributed capital	2,305,987	11,000	2,305,987
Property and equipment additions	6,978,306		
Bonds and contracts payables	11,165,000		
Net working capital	1,105,124		
Total assets	27,776,886		
Total net assets	16,129,365		

### Note 14 Accrued Compensated Absences

The Village has accrued liability to its employees for accumulated vested vacation benefits. The Village's employment policy provides that vacation days can not be carried over. The period begins and ends on the employee's anniversary date.

The Village accrued vacation pay of \$26,373 in the Water and Sewage Disposal Enterprise Fund at February 28, 2006. Vacation pay of approximately \$50,490 relating to the governmental activities is reported in the government-wide financial statements. The Village's employment policy allows for sick days to be carried forward.

### Note 15 Contingent Liability - Unemployment Compensation

Effective January 1, 1975 political subdivisions became subject to the Michigan Employment Security Act. The Village of Dundee, instead of paying regular contributions to the State Unemployment Fund, elected to make reimbursement payments. The Village is self-insuring its contingent liability for reimbursement payments, by making appropriations to the Unemployment Compensation Fund. It is not possible to estimate the potential expense from future unemployment claims.

### Note 16 Contingent Liability - Federal and State Grants

During the past several years federal and state grants for various projects have been received that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant.

## VILLAGE OF DUNDEE

### NOTES TO FINANCIAL STATEMENTS

February 28, 2006

Note 17    Land Transfer Agreement

On January 21, 1992, under Act No. 425 of the Public Acts of Michigan of 1984, the Village of Dundee and Dundee Township approved a land transfer agreement to conditionally transfer Dundee Township property owned by Holnam, Inc. to the Village of Dundee.

This agreement is for the purposes of creating a LDFA district and capturing the taxes on any new construction and for general taxing purposes under the Village's taxing authority and for any other reason or purposes necessary to pay for the extensions of water and sewer services to a designated location to serve the Holnam, Inc. property and any and all costs connected with the extensions and with the sale of bonds, the proceeds from which will be used to pay for the extensions. This agreement shall terminate when the bonds for the water and sewer extensions and any and all costs associated with the extensions and when the issuance of the bonds have been paid in full from taxes captured from the transferred area through the LDFA.

For all other purposes, the property shall remain under the jurisdiction of the Township.

Note 18    Excess of Expenditures over Appropriations

During the year ended February 28, 2006, the Village incurred the following instance of expenditures in excess of the amounts appropriated.

<u>Fund</u>	<u>Appropriation</u>	<u>Expenditures</u>	<u>Excess Expenditures</u>
Parks and Recreation Fund	\$ 8,000	\$ 10,202	\$ 2,202
Building Department	252,236	302,060	49,824
General Fund	1,022,087	1,066,366	44,279

Note 19    Risk Management

The Village is exposed to various risks of loss related to property loss, torts, errors, omissions and employee injuries (workman's compensation). The Village has purchased commercial insurance for property loss, torts, errors, omissions and employee injuries.

# VILLAGE OF DUNDEE

## GENERAL FUND

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

For the Year Ended February 28, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues:</b>				
Taxes:				
Property taxes	\$1,062,880	\$1,062,880	\$972,697	(\$90,183)
Licenses and Permits:				
Business licenses and permits	39,070	39,070	51,812	12,742
State Grants:				
State revenue sharing	182,605	189,387	288,488	99,101
Liquor license fees	3,500	3,500	4,424	924
	<u>186,105</u>	<u>192,887</u>	<u>292,912</u>	<u>100,025</u>
Fines and Forfeits:				
Fines	8,700	8,700	5,422	(3,278)
Interest and Rentals:				
Interest	17,000	17,000	59,282	42,282
Equipment rental	65,000	65,000	82,951	17,951
Building rental	0	0	19,700	19,700
	<u>82,000</u>	<u>82,000</u>	<u>161,933</u>	<u>79,933</u>
Other Revenue:				
Other revenue	65,900	65,900	54,964	(10,936)
Total Revenues	1,444,655	1,451,437	1,539,740	88,303
<b>Expenditures:</b>				
Legislative:				
Village president and council	22,648	22,648	20,246	2,402
General government				
Village manager	80,085	80,085	87,503	(7,418)
Clerk - elections	877	877	41	836
Attorney	8,000	14,782	33,422	(18,640)
Independent accounting and auditing	7,300	7,300	9,000	(1,700)
Clerk - staff	133,819	133,819	96,463	37,356
Treasurer	10,289	10,289	8,126	2,163
Village hall and grounds	12,800	12,800	15,285	(2,485)
Community center	3,000	3,000	289	2,711
	<u>256,170</u>	<u>262,952</u>	<u>250,129</u>	<u>12,823</u>

See accompanying notes to the basic financial statements

# VILLAGE OF DUNDEE

## GENERAL FUND

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

For the Year Ended February 28, 2006

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
<b>Expenditures (Concluded):</b>				
Public Safety:				
Police protection	\$215,083	\$215,083	\$252,755	(\$37,672)
Fire department	0	0	0	0
Blight inspector	2,140	2,140	1,938	202
Street lights	95,000	95,000	90,052	4,948
Building safety - fire warden	1,200	1,200	888	312
Engineering	65,434	65,434	81,393	(15,959)
	<u>378,857</u>	<u>378,857</u>	<u>427,026</u>	<u>(48,169)</u>
Public Works	242,280	242,280	228,419	13,861
Culture and Recreation:				
Economic development	97,550	97,550	117,592	(20,042)
Insurance (Bonds & Liability)	<u>17,800</u>	<u>17,800</u>	<u>22,954</u>	<u>(5,154)</u>
Total Expenditures	<u>1,015,305</u>	<u>1,022,087</u>	<u>1,066,366</u>	<u>(44,279)</u>
Excess (Deficiency) of Revenues over Expenditures	429,350	429,350	473,374	44,024
<b>Other Financing Sources (Uses):</b>				
Operating transfers in	22,000	22,000	15,000	(7,000)
Operating transfers out	<u>(451,350)</u>	<u>(451,350)</u>	<u>(249,100)</u>	<u>202,250</u>
Total Other Financing Sources (Uses)	<u>(429,350)</u>	<u>(429,350)</u>	<u>(234,100)</u>	<u>195,250</u>
Net Change in Fund Balance	0	0	239,274	239,274
Fund Balances - Beginning of Year	<u>0</u>	<u>0</u>	<u>1,874,609</u>	<u>1,874,609</u>
Fund Balances - End of Year	<u>\$0</u>	<u>\$0</u>	<u>\$2,113,883</u>	<u>\$2,113,883</u>

See accompanying notes to the basic financial statements

**VILLAGE OF DUNDEE**

**MAJOR STREET FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL**

For the Fiscal Year Ended February 28, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
State grants:				
Gas and weight tax	\$155,000	\$155,000	\$168,663	\$13,663
Interest	400	400	3,611	3,211
Other income	0	0	2,524	2,524
Total Revenues	155,400	155,400	174,798	19,398
<b>Expenditures:</b>				
Public works:				
Construction	58,960	58,960	7,718	51,242
Routing maintenance - roads and streets	102,678	102,678	100,135	2,543
Traffic services - maintenance	7,077	7,077	3,095	3,982
Winter maintenance	17,824	17,824	18,123	(299)
Roadside parks and parkways	24,066	24,066	14,282	9,784
Administration, engineering and recordkeeping	17,740	17,740	9,211	8,529
Total Expenditures	228,345	228,345	152,564	75,781
Excess (Deficiency) of Revenues over Expenditures	(72,945)	(72,945)	22,234	95,179
<b>Other Financing Sources (Uses):</b>				
Operating transfers in	124,645	124,645	85,000	(39,645)
Operating transfers out	(51,700)	(51,700)	(51,850)	(150)
Total Other Financing Sources (Uses)	72,945	72,945	33,150	(39,795)
Net Change in Fund Balance	0	0	55,384	55,384
Fund Balance - Beginning of Year	126,931	126,931	126,931	0
Fund Balance - End of Year	<u>\$126,931</u>	<u>\$126,931</u>	<u>\$182,315</u>	<u>\$55,384</u>

# VILLAGE OF DUNDEE

## LOCAL STREET FUND

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

For the Fiscal Year Ended February 28, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
State grants:				
Gas and weight tax	\$57,000	\$57,000	\$61,363	\$4,363
Interest	150	150	566	416
Total Revenues	57,150	57,150	61,929	4,779
<b>Expenditures:</b>				
Public works:				
Construction - contractual services	25,265	25,265	15,679	9,586
Routing maintenance - roads and streets	91,295	91,295	60,996	30,299
Traffic services - maintenance	1,389	1,389	283	1,106
Winter maintenance	11,183	11,183	11,786	(603)
Administration, engineering and recordkeeping	7,459	7,459	9,211	(1,752)
Total Expenditures	136,591	136,591	97,955	38,636
Excess (Deficiency) of Revenues over Expenditures	(79,441)	(79,441)	(36,026)	43,415
<b>Other Financing Sources (Uses):</b>				
Operating transfers in	79,441	79,441	50,000	(29,441)
Net Change in Fund Balance	0	0	13,974	13,974
Fund Balance - Beginning of Year	54,828	54,828	54,828	0
Fund Balance - End of Year	\$54,828	\$54,828	\$68,802	\$13,974

# VILLAGE OF DUNDEE

## GENERAL FUND

### DETAILED STATEMENT OF EXPENDITURES BUDGET AND ACTUAL

For the Year Ended February 28, 2006

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Village President and Council:				
President's fees/council fees	\$15,000	\$15,000	\$13,548	\$1,452
FICA expense	1,148	1,148	1,037	111
Travel/conferences	3,500	3,500	2,195	1,305
Telephone	1,800	1,800	1,889	(89)
Miscellaneous	1,200	1,200	1,577	(377)
	<u>22,648</u>	<u>22,648</u>	<u>20,246</u>	<u>2,402</u>
Village Manager:				
Manager's salary	50,000	50,000	54,954	(4,954)
FICA expense	3,825	3,825	4,435	(610)
Hospitalization	16,600	16,600	17,701	(1,101)
Life insurance	360	360	386	(26)
Supplies and postage	1,000	1,000	1,231	(231)
Capital outlay	0	0	0	0
Conference and seminars	1,200	1,200	687	513
Telephone	3,200	3,200	3,512	(312)
Travel expense	3,300	3,300	3,653	(353)
Dues	100	100	0	100
Miscellaneous	500	500	944	(444)
	<u>80,085</u>	<u>80,085</u>	<u>87,503</u>	<u>(7,418)</u>
Clerk-Elections	877	877	41	836
Attorney:				
Administrative wages	0	6,300	7,560	(1,260)
Legal advisor	7,000	7,000	24,013	(17,013)
FICA expense	0	482	578	(96)
Conference and seminars	1,000	1,000	1,271	(271)
	<u>8,000</u>	<u>14,782</u>	<u>33,422</u>	<u>(18,640)</u>
Independent Accounting and Audit:				
Accounting and auditing fees	7,300	7,300	9,000	(1,700)
Clerk-Staff:				
Fees elected	2,500	2,500	2,248	252
Wages clerical	51,500	51,500	50,708	792
FICA expense	4,131	4,131	4,075	56
Hospitalization insurance	39,792	39,792	17,048	22,744
Life insurance	396	396	192	204
Retirement contribution	3,000	3,000	0	3,000
Supplies and postage	12,000	12,000	6,186	5,814
Computer/software costs	3,000	3,000	811	2,189
Contractual	3,000	3,000	1,724	1,276
Telephone	2,400	2,400	2,716	(316)
Equipment maintenance	3,000	3,000	2,607	393



# VILLAGE OF DUNDEE

## GENERAL FUND

### DETAILED STATEMENT OF EXPENDITURES BUDGET AND ACTUAL

For the Year Ended February 28, 2006  
(Continued)

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Clerk-Staff (concluded):				
Publishing	\$3,500	\$3,500	\$5,499	(\$1,999)
Conferences and training	1,200	1,200	1,808	(608)
Miscellaneous	650	650	471	179
Dues	1,000	1,000	70	930
Travel	250	250	300	(50)
Capital outlay	2,500	2,500	0	2,500
	<u>133,819</u>	<u>133,819</u>	<u>96,463</u>	<u>37,356</u>
Treasurer:				
Treasurer's salary	6,000	6,000	6,000	0
FICA expense	689	689	459	230
Supplies	1,000	1,000	1,360	(360)
Tax bill preparation	500	500	197	303
Conferences and training	100	100	110	(10)
Equipment	2,000	2,000	0	2,000
	<u>10,289</u>	<u>10,289</u>	<u>8,126</u>	<u>2,163</u>
Village Hall and Grounds:				
Utilities	2,800	2,800	3,789	(989)
Repairs and maintenance	10,000	10,000	11,496	(1,496)
	<u>12,800</u>	<u>12,800</u>	<u>15,285</u>	<u>(2,485)</u>
Community Center:				
Building maintenance	3,000	3,000	289	2,711
Police Protection:				
Police salaries	5,000	5,000	5,450	(450)
FICA expense	383	383	417	(34)
Contractual services	195,000	195,000	222,388	(27,388)
Legal expenses	1,200	1,200	1,550	(350)
Auto maintenance	2,500	2,500	5,876	(3,376)
Gas and oil	6,000	6,000	7,738	(1,738)
Radio maintenance	800	800	348	452
Telephone	2,000	2,000	2,367	(367)
Office supplies	1,200	1,200	4,340	(3,140)
Miscellaneous	1,000	1,000	2,281	(1,281)
	<u>215,083</u>	<u>215,083</u>	<u>252,755</u>	<u>(37,672)</u>
Fire Department:				
Contractual services - Dundee Township	0	0	0	0

# VILLAGE OF DUNDEE

## GENERAL FUND

### DETAILED STATEMENT OF EXPENDITURES

#### BUDGET AND ACTUAL

For the Year Ended February 28, 2006

(Continued)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Blight Inspector:				
Fees	\$1,800	\$1,800	\$1,800	\$0
FICA expense	140	140	138	2
Supplies	100	100	0	100
Travel	100	100	0	100
	<u>2,140</u>	<u>2,140</u>	<u>1,938</u>	<u>202</u>
Street Lighting:				
Street lights	95,000	95,000	90,052	4,948
Building Safety - Fire Warden:				
Inspectors' fees	650	650	642	8
FICA expense	50	50	111	(61)
Supplies	500	500	135	365
	<u>1,200</u>	<u>1,200</u>	<u>888</u>	<u>312</u>
Engineering:				
Wages	40,500	40,500	65,363	(24,863)
FICA expense	3,099	3,099	5,103	(2,004)
Hospitalization insurance	11,593	11,593	1,881	9,712
Life insurance	192	192	25	167
Supplies	3,750	3,750	2,813	937
Computer/software costs	0	0	39	(39)
Conferences and Training	1,000	1,000	687	313
Telephone	3,000	3,000	1,027	1,973
Travel expense	1,800	1,800	2,135	(335)
Gas and Oil	0	0	1,915	(1,915)
Miscellaneous	500	500	405	95
	<u>65,434</u>	<u>65,434</u>	<u>81,393</u>	<u>(15,959)</u>

# VILLAGE OF DUNDEE

## GENERAL FUND

### DETAILED STATEMENT OF EXPENDITURES BUDGET AND ACTUAL

For the Year Ended February 28, 2006

(Concluded)

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Public Works:				
Maintenance wages	\$103,000	\$103,000	\$88,161	\$14,839
FICA expense	7,880	7,880	6,744	1,136
Hospitalization insurance	60,000	60,000	27,281	32,719
Life insurance	600	600	201	399
Retirement	2,000	2,000	0	2,000
Office supplies	1,100	1,100	1,223	(123)
Engineering	1,200	1,200	2,878	(1,678)
Conferences and Training	500	500	239	261
Telephone	4,000	4,000	4,308	(308)
Radio repair	500	500	0	500
Gas and Oil	7,000	7,000	11,624	(4,624)
Utilities	2,100	2,100	3,833	(1,733)
Building maintenance	2,000	2,000	15,996	(13,996)
Equipment maintenance	15,000	15,000	22,588	(7,588)
Tree trimming & tree purchases	25,000	25,000	8,880	16,120
Sanitation	1,200	1,200	1,511	(311)
Miscellaneous	1,000	1,000	20,455	(19,455)
Uniform expense	1,500	1,500	1,456	44
New equipment	6,700	6,700	11,041	(4,341)
	<u>242,280</u>	<u>242,280</u>	<u>228,419</u>	<u>13,861</u>
Economic Development:				
Contractual services	25,000	25,000	43,196	(18,196)
Conferences and training	100	100	0	100
Community promotion	15,000	15,000	26,209	(11,209)
Legal	8,000	8,000	10,986	(2,986)
Engineering	5,000	5,000	5,339	(339)
Dues	3,500	3,500	3,079	421
Contribution to MCIDC	2,500	2,500	2,500	0
Grounds	30,000	30,000	19,149	10,851
Supplies	300	300	0	300
Postage	100	100	0	100
Telephone	50	50	0	50
Publishing	100	100	420	(320)
Travel	200	200	399	(199)
Advertising	6,500	6,500	6,270	230
Miscellaneous	200	200	45	155
Equipment	1,000	1,000	0	1,000
	<u>97,550</u>	<u>97,550</u>	<u>117,592</u>	<u>(20,042)</u>
Insurance (Bonds & Liability)	<u>17,800</u>	<u>17,800</u>	<u>22,954</u>	<u>(5,154)</u>
Total Expenditures	<u>\$1,015,305</u>	<u>\$1,022,087</u>	<u>\$1,066,366</u>	<u>(\$44,279)</u>

# VILLAGE OF DUNDEE

## INDUSTRIAL PARK/EQUIPMENT PURCHASE

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

For the Year Ended February 28, 2006

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
<b>Revenues:</b>				
Interest	\$2,500	\$2,500	\$34,514	\$32,014
Federal grant	3,623,631	3,623,631	2,627,360	(996,271)
Other income	0	0	55,485	55,485
<b>Total Revenues</b>	<b>3,626,131</b>	<b>3,626,131</b>	<b>2,717,359</b>	<b>(908,772)</b>
<b>Expenditures:</b>				
Capital Outlay:				
Village hall and community center	60,000	699,018	315,274	383,744
Department of public works	20,000	570,000	627,324	(57,324)
Water, sewer and road system expansion	3,623,631	3,868,613	2,152,437	1,716,176
Audit	4,000	4,000	0	4,000
Property purchase	180,000	671,000	670,278	722
Police services	25,000	25,000	0	25,000
Riverwalk improvements	155,000	155,000	42,645	112,355
<b>Total Expenditures</b>	<b>4,067,631</b>	<b>5,992,631</b>	<b>3,807,958</b>	<b>2,184,673</b>
Excess (Deficiency) of Revenues over Expenditures	(441,500)	(2,366,500)	(1,090,599)	1,275,901
<b>Other Financing Sources (Uses):</b>				
Bond / loan proceeds	0	1,925,000	2,278,802	353,802
Sale of Land	0	0	122,328	122,328
Operating transfers in	259,120	259,120	21,210	(237,910)
Operating transfers out	(15,820)	(15,820)	(1,356,684)	(1,340,864)
<b>Total Other Financing Sources (Uses)</b>	<b>243,300</b>	<b>2,168,300</b>	<b>1,065,656</b>	<b>(1,102,644)</b>
<b>Net Change in Fund Balance</b>	<b>(198,200)</b>	<b>(198,200)</b>	<b>(24,943)</b>	<b>173,257</b>
<b>Fund Balance - Beginning of Year</b>	<b>198,200</b>	<b>198,200</b>	<b>1,222,361</b>	<b>1,024,161</b>
<b>Fund Balance - End of Year</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,197,418</b>	<b>\$1,197,418</b>

See accompanying notes to the basic financial statements

**VILLAGE OF DUNDEE**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**

February 28, 2006

	Nonmajor Special Revenue Funds				Nonmajor Capital Improvement Funds	
	Municipal Street	Parks and Recreation	Historical Commission	Building Department	Economic Development	Sewer Separation and Street Rehabilitation
<b>Assets</b>						
Cash and money management accounts	\$736,340	\$2,083	\$4,742	\$157,129	\$147,360	\$15,163
Receivables:						
Delinquent taxes	32,232	0	0	0	0	0
Special assessments	0	0	0	0	0	0
Due from other funds	845	0	0	0	0	0
<b>Total Assets</b>	<u>\$769,417</u>	<u>\$2,083</u>	<u>\$4,742</u>	<u>\$157,129</u>	<u>\$147,360</u>	<u>\$15,163</u>
<b>Liabilities</b>						
Accounts payable/retainage	\$0	\$355	\$1,817	\$272	\$0	\$1,395
Accrued wages	0	0	0	1,915	0	0
Due to other funds	0	0	0	0	21	0
Deferred revenues	0	0	0	84,835	0	0
<b>Total Liabilities</b>	<u>0</u>	<u>355</u>	<u>1,817</u>	<u>87,022</u>	<u>21</u>	<u>1,395</u>
<b>Fund Balance</b>						
Reserved for capital improvements	0	0	0	0	147,339	13,768
Reserved for debt service	0	0	0	0	0	0
Unreserved	769,417	1,728	2,925	70,107	0	0
<b>Total Fund Balances</b>	<u>769,417</u>	<u>1,728</u>	<u>2,925</u>	<u>70,107</u>	<u>147,339</u>	<u>13,768</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$769,417</u>	<u>\$2,083</u>	<u>\$4,742</u>	<u>\$157,129</u>	<u>\$147,360</u>	<u>\$15,163</u>

Nonmajor Debt Service Funds																				Total Nonmajor Governmental Funds
1989 Special Assessment Bonds	1993 Special Assessment Bonds	1993 G.O. Bonds	1993 MTF Bonds	1994 DDA LTGO Bonds	1995 Installment Loan	1996 MTF Bonds	1996 Special Assessment Bonds	1998 G.O. Bonds	1998 Special Assessment Bonds	1999 Special Assessment Bonds	1999 Installment Loan	2000 Special Assessment Bonds	2000 Installment Loan	2001 Special Assessment Bonds	2004 Installment Purchase	2004 Special Assessment Bonds	2004 Promissory Note	2005 Capital Improvement G.O. Bonds	2005 Installment Loan	
\$0	\$36,269	\$4,948	\$1,665	\$995	\$0	\$1,242	\$4,233	\$7,619	\$22,297	\$30,666	\$0	\$49,212	\$0	\$52,908	\$0	\$8,562	\$0	\$9,492	\$0	\$1,292,925
0	1,550	0	0	0	0	0	0	0	20,954	2,926	0	0	0	2,328	0	15,988	0	0	0	75,978
0	64,238	0	0	0	0	0	0	0	220,854	111,387	0	150,000	0	117,227	0	123,999	0	0	0	787,705
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	845
<u>\$0</u>	<u>\$102,057</u>	<u>\$4,948</u>	<u>\$1,665</u>	<u>\$995</u>	<u>\$0</u>	<u>\$1,242</u>	<u>\$4,233</u>	<u>\$7,619</u>	<u>\$264,105</u>	<u>\$144,979</u>	<u>\$0</u>	<u>\$199,212</u>	<u>\$0</u>	<u>\$172,463</u>	<u>\$0</u>	<u>\$148,549</u>	<u>\$0</u>	<u>\$9,492</u>	<u>\$0</u>	<u>\$2,157,453</u>
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,000	\$0	\$0	\$0	\$263	\$0	\$0	\$0	\$0	\$0	\$9,102
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,915
0	15,000	0	0	0	0	0	0	0	20,435	0	0	0	0	0	0	10,000	0	0	0	45,456
0	46,301	0	0	0	0	0	0	0	189,303	73,425	0	120,000	0	106,320	0	108,499	0	0	0	728,683
0	61,301	0	0	0	0	0	0	0	209,738	78,425	0	120,000	0	106,583	0	118,499	0	0	0	785,156
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	161,107
0	40,756	4,948	1,665	995	0	1,242	4,233	7,619	54,367	66,554	0	79,212	0	65,880	0	30,050	0	9,492	0	367,013
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	844,177
0	40,756	4,948	1,665	995	0	1,242	4,233	7,619	54,367	66,554	0	79,212	0	65,880	0	30,050	0	9,492	0	1,372,297
<u>\$0</u>	<u>\$102,057</u>	<u>\$4,948</u>	<u>\$1,665</u>	<u>\$995</u>	<u>\$0</u>	<u>\$1,242</u>	<u>\$4,233</u>	<u>\$7,619</u>	<u>\$264,105</u>	<u>\$144,979</u>	<u>\$0</u>	<u>\$199,212</u>	<u>\$0</u>	<u>\$172,463</u>	<u>\$0</u>	<u>\$148,549</u>	<u>\$0</u>	<u>\$9,492</u>	<u>\$0</u>	<u>\$2,157,453</u>

VILLAGE OF DUNDEE

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS

February 28, 2006

	Nonmajor Special Revenue Funds				Nonmajor Capital Improvement Funds	
	Municipal Street	Parks and Recreation	Historical Commission	Building Department	Economic Development	Sewer Separation and Street Rehabilitation
<b>Revenues:</b>						
Taxes	\$435,031	\$0	\$0	\$0	\$0	\$0
Special assessments	0	0	0	0	0	0
State grants	0	0	0	0	0	0
Interest and rentals	15,502	9	10,436	1,229	3,779	94
Licenses and permits	0	0	0	258,273	0	0
Program income	0	6,265	0	0	0	0
Other revenues	0	0	6,500	18,537	0	0
<b>Total Revenues</b>	<b>450,533</b>	<b>6,274</b>	<b>16,936</b>	<b>278,039</b>	<b>3,779</b>	<b>94</b>
<b>Expenditures:</b>						
Public safety	0	0	0	302,060	0	0
Public works	8,667	0	0	0	0	0
Culture and recreation	0	10,202	37,540	0	0	0
Capital outlay	0	0	0	0	0	0
Debt service	0	0	0	0	0	0
<b>Total Expenditures</b>	<b>8,667</b>	<b>10,202</b>	<b>37,540</b>	<b>302,060</b>	<b>0</b>	<b>0</b>
Excess (Deficiency) of Revenues over Expenditures	441,866	(3,928)	(20,604)	(24,021)	3,779	94
<b>Other Financing Sources (Uses):</b>						
Operating transfers in	0	4,100	24,000	0	16,785	0
Operating transfers (out)	(251,783)	0	(4,491)	(2,636)	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>(251,783)</b>	<b>4,100</b>	<b>19,509</b>	<b>(2,636)</b>	<b>16,785</b>	<b>0</b>
<b>Net Change in Fund Balances</b>	<b>190,083</b>	<b>172</b>	<b>(1,095)</b>	<b>(26,657)</b>	<b>20,564</b>	<b>94</b>
<b>Fund Balances - Beginning of Year</b>	<b>579,334</b>	<b>1,556</b>	<b>4,020</b>	<b>96,764</b>	<b>126,775</b>	<b>13,674</b>
<b>Fund Balances - End of Year</b>	<b>\$769,417</b>	<b>\$1,728</b>	<b>\$2,925</b>	<b>\$70,107</b>	<b>\$147,339</b>	<b>\$13,768</b>

Nonmajor Debt Service Funds																				Total Nonmajor Governmental Funds
1989 Special Assessment Bonds	1993 Special Assessment Bonds	1993 G.O. Bouds	1993 MTF Bonds	1994 DDA LTGO Bonds	1995 Installment Loan	1996 MTF Bonds	1996 Special Assessment Bonds	1998 G.O. Bonds	1998 Special Assessment Bonds	1999 Special Assessment Bonds	1999 Installment Loan	2000 Special Assessment Bonds	2000 Installment Loan	2001 Special Assessment Bonds	2004 Installment Purchase	2004 Special Assessment Bonds	2004 Promissory Note	2005 Capital Improvement G.O. Bonds	2005 Installment Loan	
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$435,031
0	20,071	0	0	0	0	0	92	0	31,551	40,462	0	30,000	0	10,657	0	15,500	0	0	0	148,333
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3	4,798	147	72	33	0	9	462	15	15,755	8,790	0	11,871	0	8,100	0	5,984	0	82	0	87,170
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	258,273
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	6,265
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	25,037
3	24,869	147	72	33	0	9	554	15	47,306	49,252	0	41,871	0	18,757	0	21,484	0	82	0	960,109
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	302,060
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	8,667
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	47,742
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	30,163	42,888	30,533	169,746	4,491	20,850	7,321	8,712	48,008	46,935	11,484	40,142	7,062	23,594	21,093	15,060	233,745	25,590	22,641	810,058
0	30,163	42,888	30,533	169,746	4,491	20,850	7,321	8,712	48,008	46,935	11,484	40,142	7,062	23,594	21,093	15,060	233,745	25,590	22,641	1,168,527
3	(5,294)	(42,741)	(30,461)	(169,713)	(4,491)	(20,841)	(6,767)	(8,697)	(702)	2,317	(11,484)	1,729	(7,062)	(4,837)	(21,093)	6,424	(233,745)	(25,508)	(22,641)	(208,418)
0	3,584	42,873	31,000	169,727	4,491	20,850	0	12,403	0	0	11,484	0	7,062	0	21,093	0	233,745	35,000	22,641	660,838
(3,584)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(262,494)
(3,584)	3,584	42,873	31,000	169,727	4,491	20,850	0	12,403	0	0	11,484	0	7,062	0	21,093	0	233,745	35,000	22,641	398,344
(3,581)	(1,710)	132	539	14	0	9	(6,767)	3,706	(702)	2,317	0	1,729	0	(4,837)	0	6,424	0	9,492	0	189,926
3,581	42,466	4,816	1,126	981	0	1,233	11,000	3,913	55,069	64,237	0	77,483	0	70,717	0	23,626	0	0	0	1,182,371
\$0	\$40,756	\$4,948	\$1,665	\$995	\$0	\$1,242	\$4,233	\$7,619	\$54,367	\$66,554	\$0	\$79,212	\$0	\$65,880	\$0	\$30,050	\$0	\$9,492	\$0	\$1,372,297



**VILLAGE OF DUNDEE**

**MUNICIPAL STREET FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL**

For the Fiscal Year Ended February 28, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Taxes	\$451,656	\$451,656	\$435,031	(\$16,625)
Interest	2,000	2,000	15,502	13,502
Other income	13,000	13,000	0	(13,000)
Total Revenues	466,656	466,656	450,533	(16,123)
<b>Expenditures:</b>				
Public works:				
Construction	63,844	63,844	7,282	56,562
Administration and Engineering	850	850	1,385	(535)
Total Expenditures	64,694	64,694	8,667	56,027
Excess (Deficiency) of Revenues over Expenditures	401,962	401,962	441,866	39,904
<b>Other Financing Sources (Uses):</b>				
Operating transfers out	(401,962)	(401,962)	(251,783)	150,179
Net Change in Fund Balance	0	0	190,083	190,083
Fund Balance - Beginning of Year	579,334	579,334	579,334	0
Fund Balance - End of Year	<u>\$579,334</u>	<u>\$579,334</u>	<u>\$769,417</u>	<u>\$190,083</u>

**VILLAGE OF DUNDEE**

**PARKS AND RECREATION FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL**

For the Fiscal Year Ended February 28, 2006

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Interest and rentals:				
Interest	\$2	\$2	\$9	\$7
Program income	<u>5,200</u>	<u>5,200</u>	<u>6,265</u>	<u>1,065</u>
Total Revenues	5,202	5,202	6,274	1,072
<b>Expenditures:</b>				
Culture and Recreation:				
Audit fees	300	300	600	(300)
Building maintenance	2,200	2,200	3,053	(853)
Programs	5,200	5,200	6,328	(1,128)
Park maintenance	0	0	30	(30)
Sanitation	<u>300</u>	<u>300</u>	<u>191</u>	<u>109</u>
Total Expenditures	<u>8,000</u>	<u>8,000</u>	<u>10,202</u>	<u>(2,202)</u>
Excess (Deficiency) of Revenues over Expenditures	(2,798)	(2,798)	(3,928)	(1,130)
<b>Other Financing Sources (Uses):</b>				
Operating transfers in	<u>2,798</u>	<u>2,798</u>	<u>4,100</u>	<u>1,302</u>
Net Change in Fund Balance	0	0	172	172
Fund Balance - Beginning of Year	<u>1,556</u>	<u>1,556</u>	<u>1,556</u>	<u>0</u>
Fund Balance - End of Year	<u><u>\$1,556</u></u>	<u><u>\$1,556</u></u>	<u><u>\$1,728</u></u>	<u><u>\$172</u></u>

# VILLAGE OF DUNDEE

## HISTORICAL COMMISSION FUND

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

For the Fiscal Year Ended February 28, 2006

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Interest and rentals:				
Interest	\$3	\$3	\$36	\$33
Rentals	6,000	6,000	10,400	4,400
Other income	5,740	5,740	6,500	760
Total Revenues	11,743	11,743	16,936	5,193
<b>Expenditures:</b>				
Culture and Recreation:				
Wages	12,053	12,053	10,792	1,261
FICA expense	922	922	825	97
Professional services	400	400	600	(200)
Telephone & utilities	13,600	13,600	15,986	(2,386)
Community promotion	1,000	1,000	0	1,000
Building maintenance	7,000	7,000	7,442	(442)
Sanitation	3,000	3,000	1,895	1,105
Total Expenditures	37,975	37,975	37,540	435
Excess (Deficiency) of Revenues over Expenditures	(26,232)	(26,232)	(20,604)	5,628
<b>Other Financing Sources (Uses):</b>				
Operating transfers in	30,035	30,035	24,000	(6,035)
Operating transfers out	(3,803)	(3,803)	(4,491)	(688)
Total Other Financing Sources (Uses)	26,232	26,232	19,509	(6,723)
Net Change in Fund Balance	0	0	(1,095)	(1,095)
Fund Balance - Beginning of Year	4,020	4,020	4,020	0
Fund Balance - End of Year	<u>\$4,020</u>	<u>\$4,020</u>	<u>\$2,925</u>	<u>(\$1,095)</u>

# VILLAGE OF DUNDEE

## BUILDING DEPARTMENT FUND

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

For the Fiscal Year Ended February 28, 2006

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Building fees	\$148,480	\$163,659	\$188,536	\$24,877
Electrical fees	37,917	37,917	25,710	(12,207)
Plumbing fees	27,917	27,917	24,555	(3,362)
Mechanical fees	32,916	32,916	18,572	(14,344)
Registration fees	500	500	2,240	1,740
Planning review fees	10,000	10,000	1,900	(8,100)
Zoning board authority fees	1,000	1,000	900	(100)
Interest	1,000	1,000	1,229	229
Miscellaneous income	100	100	14,397	14,297
<b>Total Revenues</b>	<b>259,830</b>	<b>275,009</b>	<b>278,039</b>	<b>3,030</b>
<b>Expenditures:</b>				
Public safety				
Building department expenses	8,050	8,050	7,869	181
Village manager	22,707	22,707	24,369	(1,662)
Legal	0	2,261	2,713	(452)
Village clerk	0	12,918	12,248	670
Building inspector	79,273	79,273	160,386	(81,113)
Electrical inspector	31,519	31,519	21,898	9,621
Dangerous building hearing officer	366	366	282	84
Mechanical inspector	24,372	24,372	16,689	7,683
Plumbing inspector	19,577	19,577	13,764	5,813
Engineer	16,283	16,283	34,087	(17,804)
Zoning board of appeals	1,827	1,827	1,269	558
Planning commission	33,083	33,083	6,486	26,597
<b>Total Expenditures</b>	<b>237,057</b>	<b>252,236</b>	<b>302,060</b>	<b>(49,824)</b>
Excess (Deficiency) of Revenues over Expenditures	22,773	22,773	(24,021)	(46,794)
<b>Other Financing Sources (Uses):</b>				
Operating transfers out	(22,773)	(22,773)	(2,636)	20,137
<b>Net Change in Fund Balance</b>	<b>0</b>	<b>0</b>	<b>(26,657)</b>	<b>(26,657)</b>
<b>Fund Balance - Beginning of Year</b>	<b>96,764</b>	<b>96,764</b>	<b>96,764</b>	<b>0</b>
<b>Fund Balance - End of Year</b>	<b>\$96,764</b>	<b>\$96,764</b>	<b>\$70,107</b>	<b>(\$26,657)</b>

# VILLAGE OF DUNDEE

## ECONOMIC DEVELOPMENT CORPORATION - CONSTRUCTION FUND

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

For the Fiscal Year Ended February 28, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Interest	\$1,000	\$1,000	\$3,779	\$2,779
Total Revenues	1,000	1,000	3,779	2,779
<b>Expenditures:</b>				
Capital outlay	19,500	19,500	0	19,500
Total Expenditures	19,500	19,500	0	19,500
Excess (Deficiency) of Revenues over Expenditures	(18,500)	(18,500)	3,779	22,279
<b>Other Financing Sources (Uses):</b>				
Operating transfers in	18,500	18,500	16,785	(1,715)
Net Change in Fund Balance	0	0	20,564	20,564
Fund Balance - Beginning of Year	126,775	126,775	126,775	0
Fund Balance - End of Year	\$126,775	\$126,775	\$147,339	\$20,564

# VILLAGE OF DUNDEE

## SEWER SEPARATION AND STREET REHABILITATION

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

For the Fiscal Year Ended February 28, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Interest	\$20	\$20	\$94	\$74
<b>Expenditures:</b>	0	0	0	0
Net Change in Fund Balance	20	20	94	74
Fund Balance - Beginning of Year	13,674	13,674	13,674	0
Fund Balance - End of Year	<u>\$13,694</u>	<u>\$13,694</u>	<u>\$13,768</u>	<u>\$74</u>

# VILLAGE OF DUNDEE

## 1989 SPECIAL ASSESSMENT STREET IMPROVEMENT BONDS

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

For the Fiscal Year Ended February 28, 2006

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Interest	\$0	\$0	\$3	\$3
<b>Expenditures:</b>	0	0	0	0
Excess (Deficiency) of Revenues over Expenditures	0	0	3	3
<b>Other Financing Sources (Uses):</b>				
Operating transfers (out)	0	(3,585)	(3,584)	1
Net Change in Fund Balance	0	(3,585)	(3,581)	4
Fund Balance - Beginning of Year	0	3,585	3,581	(4)
Fund Balance - End of Year	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

# VILLAGE OF DUNDEE

## 1993 SPECIAL ASSESSMENT BONDS

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

For the Fiscal Year Ended February 28, 2006

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Special assessment	\$20,150	\$20,150	\$20,071	(\$79)
Interest	6,250	6,250	4,798	(1,452)
Total Revenues	26,400	26,400	24,869	(1,531)
<b>Expenditures:</b>				
Debt service:				
Principal	25,000	25,000	25,000	0
Interest	4,763	4,763	4,763	0
Agent fees	420	420	400	20
Total Expenditures	30,183	30,183	30,163	20
Excess (Deficiency) of Revenues over Expenditures	(3,783)	(3,783)	(5,294)	(1,511)
<b>Other Financing Sources (Uses):</b>				
Operating transfers in	0	0	3,584	3,584
Net Change in Fund Balance	(3,783)	(3,783)	(1,710)	2,073
Fund Balance - Beginning of Year	42,466	42,466	42,466	0
Fund Balance - End of Year	<u>\$38,683</u>	<u>\$38,683</u>	<u>\$40,756</u>	<u>\$2,073</u>



**VILLAGE OF DUNDEE**

1993 GENERAL OBLIGATION BONDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

For the Fiscal Year Ended February 28, 2006

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Interest	\$15	\$15	\$147	\$132
<b>Expenditures:</b>				
Debt service:				
Principal	35,000	35,000	35,000	0
Interest	7,488	7,488	7,488	0
Agent fees	400	400	400	0
Total Expenditures	42,888	42,888	42,888	0
Excess (Deficiency) of Revenues over Expenditures	(42,873)	(42,873)	(42,741)	132
<b>Other Financing Sources (Uses):</b>				
Operating transfers in	42,873	42,873	42,873	0
Net Change in Fund Balance	0	0	132	132
Fund Balance - Beginning of Year	4,816	4,816	4,816	0
Fund Balance - End of Year	\$4,816	\$4,816	\$4,948	\$132

**VILLAGE OF DUNDEE**

1993 MICHIGAN TRANSPORTATION FUND (MTF) BONDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

For the Fiscal Year Ended February 28, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Interest	\$32	\$32	\$72	\$40
<b>Expenditures:</b>				
Debt service:				
Principal	25,000	25,000	25,000	0
Interest	5,133	5,133	5,133	0
Agent fees	400	400	400	0
Total Expenditures	30,533	30,533	30,533	0
Excess (Deficiency) of Revenues over Expenditures	(30,501)	(30,501)	(30,461)	40
<b>Other Financing Sources (Uses):</b>				
Operating transfers in	31,000	31,000	31,000	0
Net Change in Fund Balance	499	499	539	40
Fund Balance - Beginning of Year	1,126	1,126	1,126	0
Fund Balance - End of Year	\$1,625	\$1,625	\$1,665	\$40

# VILLAGE OF DUNDEE

## 1994 DOWNTOWN DEVELOPMENT AUTHORITY (LTGO) BONDS

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

For the Fiscal Year Ended February 28, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Interest	\$40	\$40	\$33	(\$7)
<b>Expenditures:</b>				
Debt service:				
Principal	105,000	105,000	105,000	0
Interest	64,497	64,497	64,496	1
Agent fees	250	250	250	0
Total Expenditures	169,747	169,747	169,746	1
Excess (Deficiency) of Revenues over Expenditures	(169,707)	(169,707)	(169,713)	(6)
<b>Other Financing Sources (Uses):</b>				
Operating transfers in	169,707	169,707	169,727	20
Net Change in Fund Balance	0	0	14	14
Fund Balance - Beginning of Year	981	981	981	0
Fund Balance - End of Year	\$981	\$981	\$995	\$14

# VILLAGE OF DUNDEE

## 1995 INSTALLMENT LOAN (MB&T)

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

For the Fiscal Year Ended February 28, 2006

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Interest	\$0	\$0	\$0	\$0
<b>Expenditures:</b>				
Debt service:				
Principal	4,408	4,408	4,408	0
Interest	83	83	83	0
Total Expenditures	4,491	4,491	4,491	0
Excess (Deficiency) of Revenues over Expenditures	(4,491)	(4,491)	(4,491)	0
<b>Other Financing Sources (Uses):</b>				
Operating transfers in	4,491	4,491	4,491	0
Net Change in Fund Balance	0	0	0	0
Fund Balance - Beginning of Year	0	0	0	0
Fund Balance - End of Year	\$0	\$0	\$0	\$0

**VILLAGE OF DUNDEE**

1996 MICHIGAN TRANSPORTATION FUND (MTF) BONDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

For the Fiscal Year Ended February 28, 2006

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Interest	\$10	\$10	\$9	(\$1)
<b>Expenditures:</b>				
Debt service:				
Principal	20,000	20,000	20,000	0
Interest	550	550	550	0
Agent fees	160	160	300	(140)
Total Expenditures	20,710	20,710	20,850	(140)
Excess (Deficiency) of Revenues over Expenditures	(20,700)	(20,700)	(20,841)	(141)
<b>Other Financing Sources (Uses):</b>				
Operating transfers in	20,700	20,700	20,850	150
Net Change in Fund Balance	0	0	9	9
Fund Balance - Beginning of Year	1,233	1,233	1,233	0
Fund Balance - End of Year	<u>\$1,233</u>	<u>\$1,233</u>	<u>\$1,242</u>	<u>\$9</u>

**VILLAGE OF DUNDEE****1996 SPECIAL ASSESSMENT BONDS (OUTER DRIVE DRAINAGE)****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL**

For the Fiscal Year Ended February 28, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Special assessment	\$7,000	\$7,000	\$92	(\$6,908)
Interest	472	472	462	(10)
Total Revenues	7,472	7,472	554	(6,918)
<b>Expenditures:</b>				
Debt service:				
Principal	7,000	7,000	7,000	0
Interest	196	196	196	0
Agent fees	125	125	125	0
Total Expenditures	7,321	7,321	7,321	0
Net Change in Fund Balance	151	151	(6,767)	(6,918)
Fund Balance - Beginning of Year	11,000	11,000	11,000	0
Fund Balance - End of Year	<u>\$11,151</u>	<u>\$11,151</u>	<u>\$4,233</u>	<u>(\$6,918)</u>

**VILLAGE OF DUNDEE**

1998 GENERAL OBLIGATION BONDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

For the Fiscal Year Ended February 28, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Interest	\$10	\$10	\$15	\$5
<b>Expenditures:</b>				
Debt service:				
Principal	5,000	5,000	5,000	0
Interest	3,713	3,713	3,712	1
Agent fees	200	200	0	200
Total Expenditures	8,913	8,913	8,712	201
Excess (Deficiency) of Revenues over Expenditures	(8,903)	(8,903)	(8,697)	206
<b>Other Financing Sources (Uses):</b>				
Operating transfers in	8,903	8,903	12,403	3,500
Net Change in Fund Balance	0	0	3,706	3,706
Fund Balance - Beginning of Year	3,913	3,913	3,913	0
Fund Balance - End of Year	<u>\$3,913</u>	<u>\$3,913</u>	<u>\$7,619</u>	<u>\$3,706</u>

# VILLAGE OF DUNDEE

## 1998 SPECIAL ASSESSMENT BONDS (STOWELL/COMMERCE)

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

For the Fiscal Year Ended February 28, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Special assessment	\$31,551	\$31,551	\$31,551	\$0
Interest	15,116	15,116	15,755	639
Total Revenues	46,667	46,667	47,306	639
<b>Expenditures:</b>				
Debt service:				
Principal	35,000	35,000	35,000	0
Interest	12,871	12,871	12,870	1
Agent fees	300	300	138	162
Total Expenditures	48,171	48,171	48,008	163
Net Change in Fund Balance	(1,504)	(1,504)	(702)	802
Fund Balance - Beginning of Year	1,600	1,600	55,069	53,469
Fund Balance - End of Year	\$96	\$96	\$54,367	\$54,271



**VILLAGE OF DUNDEE**

1999 SPECIAL ASSESSMENT BONDS (OAK/WATERSTRADT)

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

For the Fiscal Year Ended February 28, 2006

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Special assessment	\$37,962	\$37,962	\$40,462	\$2,500
Interest	8,371	8,371	8,790	419
Total Revenues	46,333	46,333	49,252	2,919
<b>Expenditures:</b>				
Debt service:				
Principal	40,000	40,000	40,000	0
Interest	6,660	6,660	6,660	0
Agent fees	295	295	275	20
Total Expenditures	46,955	46,955	46,935	20
Net Change in Fund Balance	(622)	(622)	2,317	2,939
Fund Balance - Beginning of Year	700	700	64,237	63,537
Fund Balance - End of Year	<u>\$78</u>	<u>\$78</u>	<u>\$66,554</u>	<u>\$66,476</u>

**VILLAGE OF DUNDEE**

1999 INSTALLMENT LOAN (MB&T)

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

For the Fiscal Year Ended February 28, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>	\$0	\$0	\$0	\$0
<b>Expenditures:</b>				
Debt service:				
Principal	11,000	11,000	11,000	0
Interest	484	484	484	0
Total Expenditures	11,484	11,484	11,484	0
Excess (Deficiency) of Revenues over Expenditures	(11,484)	(11,484)	(11,484)	0
<b>Other Financing Sources (Uses):</b>				
Operating transfers in	11,484	11,484	11,484	0
Net Change in Fund Balance	0	0	0	0
Fund Balance - Beginning of Year	0	0	0	0
Fund Balance - End of Year	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

# VILLAGE OF DUNDEE

## 2000 SPECIAL ASSESSMENT BONDS (INDUSTRIAL COMPLEX)

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

For the Fiscal Year Ended February 28, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Special assessment	\$30,000	\$30,000	\$30,000	\$0
Interest	11,238	11,238	11,871	633
Total Revenues	41,238	41,238	41,871	633
<b>Expenditures:</b>				
Debt service:				
Principal	30,000	30,000	30,000	0
Interest	9,868	9,868	9,867	1
Agent fees	325	325	275	50
Total Expenditures	40,193	40,193	40,142	51
Net Change in Fund Balance	1,045	1,045	1,729	684
Fund Balance - Beginning of Year	77,483	77,483	77,483	0
Fund Balance - End of Year	<u>\$78,528</u>	<u>\$78,528</u>	<u>\$79,212</u>	<u>\$684</u>

**VILLAGE OF DUNDEE**

## 2000 INSTALLMENT LOAN (MB&amp;T)

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

For the Fiscal Year Ended February 28, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>	\$0	\$0	\$0	\$0
<b>Expenditures:</b>				
Debt service:				
Principal	6,000	6,000	6,000	0
Interest	1,062	1,062	1,062	0
Total Expenditures	7,062	7,062	7,062	0
Excess (Deficiency) of Revenues over Expenditures	(7,062)	(7,062)	(7,062)	0
<b>Other Financing Sources (Uses):</b>				
Operating transfers in	7,062	7,062	7,062	0
Net Change in Fund Balance	0	0	0	0
Fund Balance - Beginning of Year	0	0	0	0
Fund Balance - End of Year	\$0	\$0	\$0	\$0

**VILLAGE OF DUNDEE**

2001 SPECIAL ASSESSMENT BONDS (RAWSON STREET)

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Fiscal Year Ended February 28, 2006

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Special assessment	\$10,907	\$10,907	\$10,657	(\$250)
Interest	7,120	7,120	8,100	980
Total Revenues	18,027	18,027	18,757	730
<b>Expenditures:</b>				
Debt service:				
Principal	15,000	15,000	15,000	0
Interest	8,369	8,369	8,344	25
Agent fees	250	250	250	0
Total Expenditures	23,619	23,619	23,594	25
Excess (Deficiency) of Revenues over Expenditures	(5,592)	(5,592)	(4,837)	755
<b>Other Financing Sources (Uses):</b>				
Operating transfers out	0	0	0	0
Net Change in Fund Balance	(5,592)	(5,592)	(4,837)	755
Fund Balance - Beginning of Year	5,700	5,700	70,717	65,017
Fund Balance - End of Year	<u>\$108</u>	<u>\$108</u>	<u>\$65,880</u>	<u>\$65,772</u>

# VILLAGE OF DUNDEE

## 2004 INSTALLMENT PURCHASE (MB&T)

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

For the Fiscal Year Ended February 28, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>	\$0	\$0	\$0	\$0
<b>Expenditures:</b>				
Debt service:				
Principal	15,157	15,157	15,157	0
Interest	5,936	5,936	5,936	0
Total Expenditures	21,093	21,093	21,093	0
Excess (Deficiency) of Revenues over Expenditures	(21,093)	(21,093)	(21,093)	0
<b>Other Financing Sources (Uses):</b>				
Operating transfers in	21,093	21,093	21,093	0
Net Change in Fund Balance	0	0	0	0
Fund Balance - Beginning of Year	0	0	0	0
Fund Balance - End of Year	\$0	\$0	\$0	\$0

# VILLAGE OF DUNDEE

## 2004 SPECIAL ASSESSMENT BONDS (FIRST STREET)

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

For the Fiscal Year Ended February 28, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Special assessment	\$15,500	\$15,500	\$15,500	\$0
Interest	6,274	6,274	5,984	(290)
Total Revenues	21,774	21,774	21,484	(290)
<b>Expenditures:</b>				
Debt service:				
Principal	10,000	10,000	10,000	0
Interest	5,061	5,061	5,060	1
Agent fees	525	525	0	525
Total Expenditures	15,586	15,586	15,060	526
Net Change in Fund Balance	6,188	6,188	6,424	236
Fund Balance - Beginning of Year	0	0	23,626	23,626
Fund Balance - End of Year	<u>\$6,188</u>	<u>\$6,188</u>	<u>\$30,050</u>	<u>\$23,862</u>

# VILLAGE OF DUNDEE

## 2004 PROMISSORY NOTE (MB&T LAND DEVELOPMENT AGREEMENT)

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

For the Fiscal Year Ended February 28, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>	\$0	\$0	\$0	\$0
<b>Expenditures:</b>				
Debt service:				
Principal	0	0	87,531	(87,531)
Interest	0	0	146,214	(146,214)
Total Expenditures	0	0	233,745	(233,745)
Excess (Deficiency) of Revenues over Expenditures	0	0	(233,745)	(233,745)
<b>Other Financing Sources (Uses):</b>				
Operating transfers in	0	0	233,745	233,745
Net Change in Fund Balance	0	0	0	0
Fund Balance - Beginning of Year	0	0	0	0
Fund Balance - End of Year	\$0	\$0	\$0	\$0



# VILLAGE OF DUNDEE

## 2005 CAPITAL IMPROVEMENT GENERAL OBLIGATION

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

For the Fiscal Year Ended February 28, 2006

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Interest	\$0	\$0	\$82	\$82
<b>Expenditures:</b>				
Debt service:				
Principal	0	0	0	0
Interest	0	0	25,590	(25,590)
Agent fees	0	0	0	0
Total Expenditures	0	0	25,590	(25,590)
Excess (Deficiency) of Revenues over Expenditures	0	0	(25,508)	(25,508)
<b>Other Financing Sources (Uses):</b>				
Operating transfers in	0	0	35,000	35,000
Net Change in Fund Balance	0	0	9,492	9,492
Fund Balance - Beginning of Year	0	0	0	0
Fund Balance - End of Year	\$0	\$0	\$9,492	\$9,492

# VILLAGE OF DUNDEE

## 2005 FORD INSTALLMENT LOAN

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

For the Fiscal Year Ended February 28, 2006

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>	\$0	\$0	\$0	\$0
<b>Expenditures:</b>				
Debt service:				
Principal	20,651	20,651	20,651	0
Interest	1,990	1,990	1,990	0
Agent fees	0	0	0	0
Total Expenditures	22,641	22,641	22,641	0
Excess (Deficiency) of Revenues over Expenditures	(22,641)	(22,641)	(22,641)	0
<b>Other Financing Sources (Uses):</b>				
Operating transfers in	22,641	22,641	22,641	0
Net Change in Fund Balance	0	0	0	0
Fund Balance - Beginning of Year	0	0	0	0
Fund Balance - End of Year	\$0	\$0	\$0	\$0

**VILLAGE OF DUNDEE**

INTERNAL SERVICE FUNDS UNEMPLOYMENT COMPENSATION

COMBINING STATEMENT OF NET ASSETS

February 28, 2006

	General	Water and Sewage	Totals
<b>Assets</b>			
Cash and money management accounts	\$31,233	\$23,220	\$54,453
<b>Fund Equity</b>			
Net Assets - unrestricted	\$31,233	\$23,220	\$54,453

COMBINING STATEMENT OF REVENUES, EXPENSES

AND CHANGES IN NET ASSETS

For the Fiscal Year Ended February 28, 2006

Operating income	\$0	\$0	\$0
Operating expenses	0	0	0
Operating Income	0	0	0
Non-Operating Revenues (Expenses)			
Interest income	970	722	1,692
Total Non-operating Revenues (Expenses)	970	722	1,692
Net Income (Loss)	970	722	1,692
Net Assets - Beginning of Year	30,263	22,498	52,761
Net Assets - End of Year	\$31,233	\$23,220	\$54,453

**VILLAGE OF DUNDEE**

**INTERNAL SERVICE FUNDS UNEMPLOYMENT COMPENSATION**

**COMBINING STATEMENT OF CASH FLOWS**

February 28, 2006

	<u>General</u>	<u>Water and Sewage</u>	<u>Totals</u>
<b>Cash Flows from Operating Activities:</b>			
Operating income	\$0	\$0	\$0
<b>Cash Flows from Non-Capital Financing Activities:</b>			
Transfer to General Fund	0	0	0
<b>Cash Flows from Investing Activities:</b>			
Interest income	<u>970</u>	<u>722</u>	<u>1,692</u>
Net Increase in Cash and Cash Equivalents	970	722	1,692
Cash and Cash Equivalents - Beginning of Year	<u>30,263</u>	<u>22,498</u>	<u>52,761</u>
Cash and Cash Equivalents - End of Year	<u><u>\$31,233</u></u>	<u><u>\$23,220</u></u>	<u><u>\$54,453</u></u>

**VILLAGE OF DUNDEE****FIDUCIARY FUNDS****COMBINING STATEMENT OF ASSETS AND LIABILITIES**

February 28, 2006

	Agency Funds			Totals
	Accounts Payable	Payroll	Tax Collection	
<b>Assets</b>				
Cash and money management accounts	\$1,061	\$4,319	\$6,256	\$11,636
Total Assets	<u>\$1,061</u>	<u>\$4,319</u>	<u>\$6,256</u>	<u>\$11,636</u>
<b>Liabilities</b>				
Due to other funds	\$0	\$0	\$3,009	\$3,009
Other liabilities	<u>1,061</u>	<u>4,319</u>	<u>3,247</u>	<u>8,627</u>
Total Liabilities	<u>\$1,061</u>	<u>\$4,319</u>	<u>\$6,256</u>	<u>\$11,636</u>

# VILLAGE OF DUNDEE

## FIDUCIARY FUNDS

### COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - ALL AGENCY FUNDS For the Fiscal Year Ended February 28, 2006

#### ACCOUNTS PAYABLE FUND

	Balance February 28, 2005	Additions	Deductions	Balance February 28, 2006
<b>Assets</b>				
Cash and money management accounts	\$1,024	\$3,499,206	\$3,499,169	\$1,061
Due from other funds	37	0	37	0
<b>Total Assets</b>	<u>\$1,061</u>	<u>\$3,499,206</u>	<u>\$3,499,206</u>	<u>\$1,061</u>
<b>Liabilities</b>				
Due to other funds	\$0	\$0	\$0	\$0
Other liabilities	1,061	3,499,206	3,499,206	1,061
<b>Total Liabilities</b>	<u>\$1,061</u>	<u>\$3,499,206</u>	<u>\$3,499,206</u>	<u>\$1,061</u>

#### PAYROLL FUND

<b>Assets</b>				
Cash and money management accounts	\$3,467	\$1,669,068	\$1,668,216	\$4,319
Due from other funds	0	1,078,115	1,078,115	0
<b>Total Assets</b>	<u>\$3,467</u>	<u>\$2,747,183</u>	<u>\$2,746,331</u>	<u>\$4,319</u>
<b>Liabilities</b>				
Due to other funds	\$32	\$4,040	\$4,072	\$0
Other liabilities	3,435	1,669,100	1,668,216	4,319
<b>Total Liabilities</b>	<u>\$3,467</u>	<u>\$1,673,140</u>	<u>\$1,672,288</u>	<u>\$4,319</u>

#### TAX COLLECTION FUND

<b>Assets</b>				
Cash and money management accounts	\$21,614	\$2,218,921	\$2,234,279	\$6,256
Due from other funds	0	0	0	0
<b>Total Assets</b>	<u>\$21,614</u>	<u>\$2,218,921</u>	<u>\$2,234,279</u>	<u>\$6,256</u>
<b>Liabilities</b>				
Due to other funds	\$18,907	\$2,215,075	\$2,230,973	\$3,009
Other liabilities	2,707	3,846	3,306	3,247
<b>Total Liabilities</b>	<u>\$21,614</u>	<u>\$3,846</u>	<u>\$3,306</u>	<u>\$6,256</u>

**VILLAGE OF DUNDEE****FIDUCIARY FUNDS****COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - ALL AGENCY FUNDS**

For the Fiscal Year Ended February 28, 2006

(Concluded)

**TOTALS - ALL AGENCY FUNDS**

	Balance February 28, 2005	Additions	Deductions	Balance February 28, 2006
<b>Assets</b>				
Cash and money management accounts	\$26,105	\$7,387,195	\$7,401,664	\$11,636
Due from other funds	37	1,078,115	1,078,152	0
Total Assets	<u>\$26,142</u>	<u>\$8,465,310</u>	<u>\$8,479,816</u>	<u>\$11,636</u>
<b>Liabilities</b>				
Due to other funds	\$18,939	\$2,219,115	\$2,235,045	\$3,009
Other liabilities	7,203	5,172,152	5,170,728	8,627
Total Liabilities	<u>\$26,142</u>	<u>\$7,391,267</u>	<u>\$7,405,773</u>	<u>\$11,636</u>

**VILLAGE OF DUNDEE**

DOWNTOWN DEVELOPMENT AUTHORITY - COMPONENT UNIT

COMBINING BALANCE SHEET/STATEMENT OF NET ASSETS

February 28, 2006

	Total Modified Accrual Basis	Adjustments	Statement of Net Assets
<b>Assets</b>			
Cash and money management account	\$436,945	\$0	\$436,945
Due from other governments	213,120	0	213,120
Accrued interest receivable	3,803	0	3,803
	<u>\$653,868</u>	<u>0</u>	<u>653,868</u>
<b>Liabilities</b>	\$0	0	0
<b>Fund Equity</b>			
Unreserved	653,868	(653,868)	0
	<u>653,868</u>	<u>(653,868)</u>	<u>0</u>
<b>Total Liabilities and Fund Equity</b>	<u>\$653,868</u>		
<b>Net Assets</b>			
Unrestricted		653,868	653,868
		<u>653,868</u>	<u>653,868</u>
<b>Total Net Assets</b>		<u>\$653,868</u>	<u>\$653,868</u>



**VILLAGE OF DUNDEE**

DOWNTOWN DEVELOPMENT AUTHORITY - COMPONENT UNIT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE/NET ASSETS  
For the Fiscal Year Ended February 28, 2006

	Total Modified Accrual Basis	Adjustments	Statement of Activities
<b>Revenues:</b>			
Taxes	\$305,539	\$0	\$305,539
Interest and rentals	11,058	0	11,058
Total Revenues	316,597	0	316,597
<b>Expenditures:</b>			
Public works	55,069	0	55,069
Total Expenditures	55,069	0	55,069
Excess (Deficiency) of Revenues over Expenditures	261,528	0	261,528
<b>Other Financing Sources (Uses):</b>			
Operating transfers out	(177,727)	0	(177,727)
Total Other Financing Sources (Uses)	(177,727)	0	(177,727)
Change in Fund Balance/Net Assets	83,801	0	83,801
Fund Balance/Net Assets - Beginning of Year	570,067	0	570,067
Fund Balance/Net Assets - End of Year	<u>\$653,868</u>	<u>\$0</u>	<u>\$653,868</u>

**VILLAGE OF DUNDEE**

LOCAL DEVELOPMENT FINANCE AUTHORITY WATER PLANT - COMPONENT UNIT  
BALANCE SHEET/STATEMENT OF NET ASSETS  
For the Fiscal Year Ended February 28, 2006

	Modified Accrual Basis	Adjustments	Statement of Net Assets
<b>Assets</b>			
Cash and money management account	\$481,641	\$0	\$481,641
Due from other governments	188,309	0	188,309
Accrued interest receivable	5,006		5,006
Total Assets	<u>\$674,956</u>	<u>0</u>	<u>674,956</u>
<b>Liabilities</b>			
Accounts payable	\$0	0	0
<b>Fund Equity</b>			
Unreserved	<u>674,956</u>	<u>(674,956)</u>	<u>0</u>
Total Fund Equity	<u>674,956</u>	<u>(674,956)</u>	<u>0</u>
Total Liabilities and Fund Equity	<u>\$674,956</u>		
<b>Net Assets</b>			
Unrestricted		<u>674,956</u>	<u>674,956</u>
Total Net Assets		<u>\$674,956</u>	<u>\$674,956</u>

**VILLAGE OF DUNDEE**

LOCAL DEVELOPMENT FINANCE AUTHORITY WATER PLANT - COMPONENT UNIT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE/NET ASSETS  
For the Fiscal Year Ended February 28, 2006

	Modified Accrual Basis	Adjustments	Statement of Activities
<b>Revenues:</b>			
Taxes	\$296,563	\$0	\$296,563
Interest	14,965	0	14,965
Total Revenues	311,528	0	311,528
<b>Expenditures:</b>			
Public works	1,600	0	1,600
Total Expenditures	1,600	0	1,600
Excess (Deficiency) of Revenues over Expenditures	309,928	0	309,928
<b>Other Financing Sources (Uses):</b>			
Operating transfers out	(272,280)	0	(272,280)
Total Other Financing Sources (Uses)	(272,280)	0	(272,280)
Change in Fund Balance/Net Assets	37,648	0	37,648
Fund Balances/ Net Assets - Beginning of Year	637,308	0	637,308
Fund Balances/ Net Assets - End of Year	<u>\$674,956</u>	<u>\$0</u>	<u>\$674,956</u>

**VILLAGE OF DUNDEE**

**LOCAL DEVELOPMENT FINANCE AUTHORITY GLOBAL ENGINE ALLIANCE - COMPONENT UNIT**  
**COMBINING BALANCE SHEET/STATEMENT OF NET ASSETS**  
For the Fiscal Year Ended February 28, 2006

	Global Engine Alliance	LDFA #3 Debt	Account Group General Long-term Debt	Total Modified Accrual Basis	Adjustments	Statement of Net Assets
<b>Assets</b>						
Cash and money management account	\$1,060,164	\$47,581	\$0	\$1,107,745	\$0	\$1,107,745
Due from other governments	190,992	0	0	190,992	0	190,992
Due from other funds/Internal balances	0	36,689	0	36,689	0	36,689
Bond issuance costs (net of amortizations)	0	0	0	0	130,300	130,300
Capital assets (net of depreciation)	0	0	0	0	6,173,804	6,173,804
Amount available in Debt Service Fund	0	0	84,270	84,270	(84,270)	0
Amount to be provided for long-term debt	0	0	5,750,730	5,750,730	(5,750,730)	0
Total Assets	<u>\$1,251,156</u>	<u>\$84,270</u>	<u>\$5,835,000</u>	<u>\$7,170,426</u>	<u>\$469,104</u>	<u>\$7,639,530</u>
<b>Liabilities</b>						
Accounts payable	\$41,582	\$0	\$0	\$41,582	\$0	\$41,582
Debt with government commitment net of bond discount	0	0	5,835,000	5,835,000	(28,800)	5,806,200
Total Liabilities	41,582	0	5,835,000	5,876,582	(28,800)	5,847,782
<b>Fund Equity</b>						
Reserved for debt service	0	84,270	0	84,270	(84,270)	0
Unreserved	1,209,574	0	0	1,209,574	(1,209,574)	0
Total Fund Equity	<u>1,209,574</u>	<u>84,270</u>	<u>0</u>	<u>1,293,844</u>	<u>(1,293,844)</u>	<u>0</u>
Total Liabilities and Fund Equity	<u>\$1,251,156</u>	<u>\$84,270</u>	<u>\$5,835,000</u>	<u>\$7,170,426</u>		
<b>Net Assets</b>						
Invested in capital assets (net of related debt)					338,804	338,804
Restricted for debt service					84,270	84,270
Unrestricted					1,368,674	1,368,674
Total Net Assets					<u>\$1,791,748</u>	<u>\$1,791,748</u>

**VILLAGE OF DUNDEE**

**LOCAL DEVELOPMENT FINANCE AUTHORITY GLOBAL ENGINE ALLIANCE - COMPONENT UNIT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE/NET ASSETS**

For the Fiscal Year Ended February 28, 2006

	Global Engine Alliance	LDFA #3 Debt	Total Modified Accrual Basis	Adjustments	Statement of Activities
<b>Revenues:</b>					
Taxes	\$515,353	\$0	\$515,353	\$0	\$515,353
State Grant	65,180	0	65,180	0	65,180
Interest	12,011	1,389	13,400	0	13,400
Other	0	702	702	0	702
<b>Total Revenues</b>	<b>592,544</b>	<b>2,091</b>	<b>594,635</b>	<b>0</b>	<b>594,635</b>
<b>Expenditures:</b>					
Public works	1,251,377	0	1,251,377	(1,241,905)	9,472
Debt service	0	2,286,908	2,286,908	(1,990,531)	296,377
<b>Total Expenditures</b>	<b>1,251,377</b>	<b>2,286,908</b>	<b>3,538,285</b>	<b>(3,232,436)</b>	<b>305,849</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>(658,833)</b>	<b>(2,284,817)</b>	<b>(2,943,650)</b>	<b>3,232,436</b>	<b>288,786</b>
<b>Other Financing Sources (Uses):</b>					
Bond proceeds	2,159,682	50,318	2,210,000	(2,210,000)	0
Operating transfers in	79,715	2,215,451	2,295,166	(2,215,451)	79,715
Operating transfers out	(2,215,451)	0	(2,215,451)	2,215,451	0
<b>Total Other Financing Sources (Uses)</b>	<b>23,946</b>	<b>2,265,769</b>	<b>2,289,715</b>	<b>(2,210,000)</b>	<b>79,715</b>
<b>Change in Fund Balance/Net Assets</b>	<b>(634,887)</b>	<b>(19,048)</b>	<b>(653,935)</b>	<b>1,022,436</b>	<b>368,501</b>
<b>Fund Balances/ Net Assets - Beginning of Year</b>	<b>1,844,461</b>	<b>103,318</b>	<b>1,947,779</b>	<b>(524,532)</b>	<b>1,423,247</b>
<b>Fund Balances/ Net Assets - End of Year</b>	<b>\$1,209,574</b>	<b>\$84,270</b>	<b>\$1,293,844</b>	<b>\$497,904</b>	<b>\$1,791,748</b>

**VILLAGE OF DUNDEE**

**ECONOMIC DEVELOPMENT CORPORATION - COMPONENT UNIT**  
**COMBINING BALANCE SHEET/STATEMENT OF NET ASSETS**  
For the Fiscal Year Ended February 28, 2006

	Economic Development	EDC Debt	Account Group General Long-term Debt	Total Modified Accrual Basis	Adjustments	Statement of Net Assets
<b>Assets</b>						
Cash and money management account	\$109,463	\$192,574	\$0	\$302,037	\$0	\$302,037
Due from other governments	0	137,285	0	137,285	0	137,285
Due from other funds/Internal balances	0	21	0	21	0	21
Capital assets (net of depreciation)	0	0	0	0	11,227,599	11,227,599
Amount available in Debt Service Fund	0	0	329,880	329,880	(329,880)	0
Amount to be provided for long-term debt	0	0	12,005,185	12,005,185	(12,005,185)	0
Total Assets	<u>\$109,463</u>	<u>\$329,880</u>	<u>\$12,335,065</u>	<u>\$12,774,408</u>	<u>(\$1,107,466)</u>	<u>\$11,666,942</u>
<b>Liabilities</b>						
Debt with government commitment	<u>\$0</u>	<u>\$0</u>	<u>\$12,335,065</u>	<u>\$12,335,065</u>	<u>0</u>	<u>\$12,335,065</u>
Total Liabilities	0	0	12,335,065	12,335,065	0	12,335,065
<b>Fund Equity</b>						
Reserved for debt service	0	329,880	0	329,880	(329,880)	0
Unreserved	<u>109,463</u>	<u>0</u>	<u>0</u>	<u>109,463</u>	<u>(109,463)</u>	<u>0</u>
Total Fund Equity	<u>109,463</u>	<u>329,880</u>	<u>0</u>	<u>439,343</u>	<u>(439,343)</u>	<u>0</u>
Total Liabilities and Fund Equity	<u>\$109,463</u>	<u>\$329,880</u>	<u>\$12,335,065</u>	<u>\$12,774,408</u>		
<b>Net Assets</b>						
Invested in capital assets (net of related debt)					(1,107,466)	(1,107,466)
Restricted for debt service					329,880	329,880
Unrestricted					<u>109,463</u>	<u>109,463</u>
Total Net Assets (Deficit)					<u>(\$668,123)</u>	<u>(\$668,123)</u>

**VILLAGE OF DUNDEE**

**ECONOMIC DEVELOPMENT CORPORATION - COMPONENT UNIT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE/NET ASSETS  
For the Fiscal Year Ended February 28, 2006**

	Economic Development Corporation	2001 EDC Debt	Total Modified Accrual Basis	Adjustments	Statement of Activities
<b>Revenues:</b>					
Taxes	\$0	\$137,285	\$137,285	\$0	\$137,285
Interest and rentals	2,004	4,353	6,357	0	6,357
Other income	6,101	0	6,101	0	6,101
Total Revenues	8,105	141,638	149,743	0	149,743
<b>Expenditures:</b>					
Public works	17,723	0	17,723	276,867	294,590
Debt service	0	339,298	339,298	0	339,298
Total Expenditures	17,723	339,298	357,021	276,867	633,888
Excess (Deficiency) of Revenues over Expenditures	(9,618)	(197,660)	(207,278)	(276,867)	(484,145)
<b>Other Financing Sources (Uses):</b>					
Operating transfers in	0	181,625	181,625	0	181,625
Total Other Financing Sources (Uses)	0	181,625	181,625	0	181,625
Change in Fund Balance/Net Assets	(9,618)	(16,035)	(25,653)	(276,867)	(302,520)
Fund Balances/ Net Assets (Deficit) - Beginning of Year	119,081	345,915	464,996	(830,599)	(365,603)
Fund Balances/ Net Assets (Deficit) - End of Year	<u>\$109,463</u>	<u>\$329,880</u>	<u>\$439,343</u>	<u>(\$1,107,466)</u>	<u>(\$668,123)</u>

**VILLAGE OF DUNDEE**

**BROWNFIELD REDEVELOPMENT AUTHORITY- COMPONENT UNIT**  
**BALANCE SHEET/STATEMENT OF NET ASSETS**  
For the Fiscal Year Ended February 28, 2006

	Modified Accrual Basis	Adjustments	Statement of Net Assets
<b>Assets</b>			
Cash and money management account	\$207,172	\$0	\$207,172
Due from other governments	86,512	0	86,512
Due from other funds/Internal balances	1,340	0	1,340
	<u>295,024</u>	<u>0</u>	<u>295,024</u>
<b>Total Assets</b>	<u><u>\$295,024</u></u>	<u><u>0</u></u>	<u><u>295,024</u></u>
<b>Liabilities</b>	\$0	0	0
<b>Fund Equity</b>			
Reserved for debt service	295,024	(295,024)	0
	<u>295,024</u>	<u>(295,024)</u>	<u>0</u>
<b>Total Fund Equity</b>	<u><u>295,024</u></u>	<u><u>(295,024)</u></u>	<u><u>0</u></u>
<b>Total Liabilities and Fund Equity</b>	<u><u>\$295,024</u></u>		
<b>Net Assets</b>			
Restricted for debt service		295,024	295,024
		<u>295,024</u>	<u>295,024</u>
<b>Total Net Assets</b>		<u><u>\$295,024</u></u>	<u><u>\$295,024</u></u>



**VILLAGE OF DUNDEE**

**BROWNFIELD REDEVELOPMENT AUTHORITY - COMPONENT UNIT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE/NET ASSETS**  
For the Fiscal Year Ended February 28, 2006

	Modified Accrual Basis	Adjustments	Statement of Activities
<b>Revenues:</b>			
Taxes	\$133,888	\$0	\$133,888
Interest and rentals	1,267	0	1,267
Total Revenues	135,155	0	135,155
<b>Expenditures:</b>			
Public works	13,279	0	13,279
Change in Fund Balance/Net Assets	121,876	0	121,876
Fund Balance/ Net Assets - Beginning of Year	173,148	0	173,148
Fund Balance/ Net Assets - End of Year	<u>\$295,024</u>	<u>\$0</u>	<u>\$295,024</u>

**VILLAGE OF DUNDEE**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Fiscal Year Ended February 28, 2006

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount	Accrued (Deferred) Revenue March 1, 2005
<u>Federal Community Development Block Grant</u>			
Passed through the Michigan Strategic Fund			
Global Engine Alliance Infrastructure Project 2003 - 2004	MSC 200060-EDIG	14.228	\$5,300,350
			\$0
Global Engine Alliance Infrastructure Project 2004 - 2005 Amendment	MSC 200060-EDIG	14.228	7,500,000
			1,182,584
Total Federal Financial Assistance		<u>\$12,800,350</u> *	<u>\$1,182,584</u>

\* This grant is funded with federal and state funds. Both portions are reflected in this schedule.

Prior Year Expenditures (Memo)	Current Year Expenditures	Current Year Receipts (Accrual Basis)	Accrued (Deferred) Revenue February 28, 2006
\$5,300,350	\$0	\$0	\$0
4,397,563	2,627,360	3,567,575	242,369
<u>\$9,697,913</u>	<u>\$2,627,360</u>	<u>\$3,567,575</u>	<u>\$242,369</u>

## **VILLAGE OF DUNDEE**

### **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**For the Fiscal Year Ended February 28, 2006**

1. The accompanying schedule of federal awards includes the federal grant activity of the Village of Dundee, Monroe County, Michigan and is presented in the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of State, Local Governments, and Nonprofit Organizations.

## VILLAGE OF DUNDEE

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS February 28, 2006

#### Summary of Audit Results:

1. The auditor's report expresses an unqualified opinion on the financial statements of the Village of Dundee.
2. No reportable conditions relating to the audit of the financial statements are reported in the Independent Auditor's Report.
3. No instances of noncompliance material to the financial statements of the Village of Dundee were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs are reported in the Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for Community Development Block Grant expresses an unqualified opinion.
6. There were no audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 reported in this schedule.
7. The program tested as a major program include: Community Development Block Grant, CFDA #14.228.
8. Type A programs are programs with \$300,000 or more of federal expenditures. Type B programs are programs with federal expenditures less than \$300,000.
9. The Village of Dundee was determined to be a low-risk auditee.

#### COMMUNITY DEVELOPMENT BLOCK GRANT: MICHIGAN ECONOMIC DEVELOPMENT CORPORATION Findings - Financial Statements Audit:

None

#### Findings and Questioned Costs - Major Federal Award Programs Audit:

None



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Village Council  
Village of Dundee  
Monroe County, Michigan

## Report of Comments and Recommendations

### Council Members:

Our audit of the financial statements of the Village of Dundee for the year ended February 28, 2006, was made in accordance with auditing standards generally accepted in the United States of America. These standards require, in addition to obtaining competent evidential matter through inspection, observation, inquiry and confirmation, that we determine that existing internal controls, accounting procedures and accounting records are adequate to allow us to express an opinion the financial statements of the Village.

We remind you that the following comments, and where appropriate, recommendations are somewhat limited because they are not the result of a detailed systems analysis.

#### New Government Accounting Standard Board (GASB) Statement No. 40

Government Accounting Standards Board (GASB) Statement No. 40, *Deposit and Investment Risk Disclosures*, an amendment to GASB Statement No. 3 applies to all state and local governments. This statement lists disclosures required for risk management as the government's investment addresses five categories of risk: credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. If the government is exposed to any types of these risks, the government should briefly describe the deposit or investment policies related to such risks or disclose that there are no policies.

We recommend that the Village review its investment policy and specify acceptable levels of risk in the following five categories:

Credit Risk  
Custodial Credit Risk  
Concentration of Credit Risk  
Interest Rate Risk  
Foreign Currency Risk

Rating agencies may be used to measure credit risk such as Standard and Poor and Moody's.

A review of the current investment policy should determine if the above mentioned risks are present in the policy and validate the effectiveness of the investment policy and investment risk.

Improper and Illegal Actions

Nothing came to our attention during the course of the audit to indicate any improper or illegal actions.

Interfund Receivable, Payable and Transfers

Interfund receivable and payable balances as of February 28, 2006 were:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund:		
Major Street Fund	\$ 15,850	
Local Street Fund	9,909	
Tax	1,926	
Water & Sewer	23,096	
1993 S. A.	20,435	
Brownfield		\$ 1,340
Special Revenue Funds:		
Municipal Highway Fund:		
Tax	845	
Major Street Fund:		
General Fund		15,850
Local Street Fund:		
General Fund		9,909
Component Units:		
Brownfield Debt:		
General Fund	1,340	
LDFA #3 Debt:		
Water/Sewer	36,689	
EDC Debt:		
EDC Construction	21	
EDC Construction:		
EDC Debt		21
Industrial Park/Equipment Purchase Fund:		
2004 S.A.	10,000	
Agency Funds:		
Taxes:		
General Fund		1,926
Municipal Highway Fund		845
Water/Sewer		237
Debt Fund:		
1993 S.A. Debt:		
General Fund		20,435
2004 S. A. Debt:		
Industrial Park/Equipment Purchase		10,000
Water/Sewer:		
Tax	237	
General Fund		23,096
LDFA #3 Debt		<u>36,689</u>
	<u>\$120,348</u>	<u>\$120,348</u>

Excess of Expenditures over Appropriations

During the year ended February 28, 2006, the Village incurred the following instance of expenditures in excess of the amounts appropriated.

<u>Fund</u>	<u>Appropriation</u>	<u>Expenditures</u>	<u>Excess Expenditures</u>
Parks and Recreation Fund	\$ 8,000	\$ 10,202	\$ 2,202
Building Department	252,236	302,060	49,824
General Fund	1,022,087	1,066,366	44,279

We continue to recommend that actual vs. budget be monitored each month in order to avoid expenditures in excess of appropriations. The budgets should be amended by the Council, when necessary.

Cash Flow Analysis

In recent years, because of the proliferation of construction projects and other improvements which have been financed by a mixture of bond issues, grants and installment purchase agreements, Village finances have become extremely complex. As of February 28, 2006, the Village had twenty bond issues, one bank note and installment purchase agreements and the loan from Cabelas.

Repayment of the Village's outstanding indebtedness which was \$37,594,462 as of February 28, 2006, is scheduled from various sources, such as special assessments, water and sewer department resources, LDFA captured taxes, debt millage and general Village revenues. These sources must adhere to various legal restrictions.

We recommend that the Village prepare a projected cash flow analysis for its fiscal year ended February 28, 2007 and that it continue to monitor cash flows on a monthly basis.

It has been a pleasure to serve you and we appreciate the cooperation we received during the audit. We are available to meet with you at any time to answer any questions concerning this letter or the 2005-2006 audit report.

Very truly yours,

*Cooley Hehl*  
*Wohlgenuth & Carlton*

May 8, 2006